

YOUR REDEMPTION OF OUR COUPONS INDICATES YOUR ACCEPTANCE AND COMPLIANCE WITH THIS REDEMPTION POLICY (THE “AGREEMENT”). 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 brands and product(s) stated on the coupon¹, 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. *Manufacturer* 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 *Manufacturer* 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, restricted, or prohibited by law.
5. The consumer is required to pay any applicable sales tax.
6. Coupons will be redeemed only at retail locations located in the United States, its territories and at U.S. Military bases.

Processing Coupons for Payment

7. *Manufacturer* 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 Lil’ Drug Store Products, send properly redeemed coupons to:

Lil’ Drug Store Products
P O Box 880014
El Paso, TX 88588-0014

OR NCH/Lil’ Drug Store Products
26-A Walter Jones
El Paso, TX 79906

¹ If coupons specify sizes or flavors the following may be added: limited to the quantity and size

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;² 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) For retailers who sort the coupons they have redeemed and submit them directly without the use of any third party agent, you 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 \$5.00 per thousand of coupons redeemed (***\$X/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 *Manufacturer's* redemption policy.
12. *Manufacturer* reserves the right to request evidence of proof of purchase to show that sufficient stock was purchased to justify the number of coupons submitted and reserves the right to audit the coupon sorting and billing service of any retailer or any agent involved in the handling process.

² The following might be added to inform the retailer what the handling allowance is for: An early 1990s independently conducted industry study, identified that the **8¢** covers 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.

13. **[Applicable Jurisdiction]**(A) 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 located in Iowa. Each party shall be responsible for its own attorneys' fees and costs.

-OR-

[Mandatory Arbitration] (B) You and *Manufacturer* agree that all disputes between them, or arising from the relationship between them, and all disputes arising from or related to this Redemption Policy, including the scope of this arbitration agreement, shall be resolved by binding arbitration by the National Arbitration Forum, under the Code of Procedure then in effect. Any award of the arbitrators(s) may be entered as a judgment in any court having jurisdiction. In the event a court having jurisdiction finds any portion of this agreement unenforceable, that portion shall not be effective and the remainder of the agreement shall remain effective. Information may be obtained and claims may be filed at any office of the National Arbitration Forum, www.arbitration-forum.com, or at P.O. Box 50191, Minneapolis, MN 55405. This Agreement shall be governed by and interpreted under the Federal Arbitration Act, 9 U.S.C. Sections 1-16 ("FAA"). The arbitrator shall follow existing substantive law to the extent consistent with the FAA and applicable statutes of limitations and shall honor any claims or privilege recognized by law. If any party requests so, the arbitrator shall write an opinion containing the reasons for the award. No claim submitted to arbitration is heard by a jury and no claim may be brought as a class action or as a private attorney general. Any arbitration hearing will take place within the Iowa federal judicial district.

14. If false or misleading verification information is provided on a questionnaire to *Manufacturer*, or a certified clearinghouse, redemption privileges with *Manufacturer* may be permanently terminated.
15. Each shipment of coupons will be considered as a whole and *Manufacturer* reserves the right to refuse payment for an entire shipment if any portion of the shipment is found to be improperly redeemed.
16. Failure to observe these terms and conditions for proper redemption may, at the option of *Manufacturer*, void all coupons, submitted for reimbursement and all coupons may be retained as property of *Manufacturer* without payment. *Manufacturer* reserves the right to forward coupons, which *Manufacturer* judges to be misredeemed, to law enforcement agencies for their review and investigative purposes.

Miscellaneous Terms

17. The cash redemption value of each coupon is 1/20 of one cent.
18. It is FRAUD to present coupons for redemption other than as provided by this Agreement.
19. YOU AGREE THAT FAILURE TO OBSERVE THESE TERMS AND CONDITIONS FOR PROPER REDEMPTION MAY AT THE SOLE OPTION OF *MANUFACTURER* VOID ALL COUPONS SUBMITTED FOR REIMBURSEMENT AND ALL COUPONS MAY BE RETAINED AS PROPERTY OF *MANUFACTURER*, 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 OF ANY PRIOR, CONCURRENT OR SUBSEQUENT RIGHT, REMEDY OR DUTY UNDER THIS AGREEMENT.

Lil' Drug Store Products