



**Thomas & Howard Company,
Inc.**
Convenience Division

Notice: Cigarette Return Policy Effective 10/1/07

To: Our Valued Customers

We at Thomas & Howard Company appreciate your business and partnership. Because we are a partner in your profitability, we make every effort to minimize fees to our retailers. Over the past several years, cigarette manufacturer's policies have become much less flexible. Wholesalers are contractually obligated to distribute manufacturer directed "force outs", and at the same time, opportunities for wholesaler product returns to the manufacturers have been completely eliminated. Some returns are still available but only when directed by the manufacturer's rep. In consideration of these manufacturer's policy changes over time, we must share a portion of the risk exposure associated with handling returned cigarettes. The following Cigarette Return Policy will go into effect beginning 10/1/07.

Value Added Promotional Products (VAP)

In accordance with our contractual obligations to cigarette manufacturers, Thomas & Howard is required to deliver Value Added Promotional products (VAP) to retailers at the direction of the manufacturers. Our drivers are not authorized to return these cigarette "force outs" at the time of delivery. Instead, retailers must notify Thomas & Howard in writing via a Retail Cigarette Contract Termination Notification Form (available through a T&H sales rep). This form must be signed by an authorized representative of the retailer and a cigarette manufacturer's rep from the company whose contract is being terminated. Once fully executed, it should be returned to Thomas & Howard Company. Upon receipt, T&H will be authorized to remove the retail location from its distribution list and subsequent VAP shipments.

If a customer refuses to accept Value Added Promotional product at the time of delivery, or if a COD customer refuses to pay for VAP at the time of delivery, the entire order will be returned to the warehouse and a restocking fee will be applied to the customer's account.

Order Entry Errors and /or Overstock Returns

Thomas & Howard Company will accept cigarette returns due to retailer order entry error and overstocking. Order entry errors must be identified and called into Thomas & Howard Company Customer Service within 7 days of delivery in order to be eligible for a pick up authorization. When returned to the warehouse these items will incur a \$1 per carton restocking fee. Overstocked cigarettes, inventory buildup in excess of the quantities ordered on the customer's most recent invoice, may be returned if approved by a cigarette manufacturer's rep in writing. These returns are at the discretion of Thomas & Howard Company and are subject to a restocking fee.

Returns Due to Warehouse / Delivery Errors

Customers have up to 7 days from the date of delivery to call into Customer Service any delivery damages and selection errors. These items will be picked up and are not subject to a restocking fee.

As always, any cigarettes short at delivery must be identified at the time of delivery and noted on the invoice recap (by the driver and authorized store personnel) in order to receive credit.

Per direction from Philip Morris Company, Thomas & Howard may not accept returns on the following brands after the time of delivery for any reason:

Marlboro Box - Kings and 100's

Marlboro Lt Box - Kings and 100's

"ALL TOGETHER"