

J. H. ROBERTSON
BIAD - B1 REY



BUSINESS INTELLIGENCE REPORT

51352 8522

January 31, 1992

TO: Mr. J. W. Johnston
FROM: Mr. L. A. Sasso
RE: BUSINESS INTELLIGENCE REPORT

PHILIP MORRIS

- **PHILIP MORRIS PATENT** - PM has filed a European patent for technology which could be incorporated into a cigarette paper and release Vanillin upon burning which enhances the flavor and aroma of low delivery cigarette smoke. Speculation is that this technology could be used in the U.S. for enhanced aroma line extensions of Virginia Slims and/or Benson & Hedges. Such a product might also utilize a rounded package.
- **PHILIP MORRIS FSI** - PM will run a four-page FSI on March 22 for Marlboro Medium with a national distribution of 52 million. Speculation is that this may be in conjunction with the introduction of Medium 100's.
- **ALPINE OFFER** - In Grand Rapids, Michigan, PM sales representatives are working the following program:
 1. Whenever a customer buys a package of SALEM, the retailer offers the customer a free pack of Alpine in exchange for the SALEM wrapper.
 2. The PM sales representatives will pay the retailer the retail value of a pack of Alpine for each SALEM wrapper collected.
 3. Sales representatives are being asked to work this program in six to eight stores in their assignment during the month of Feb.
- **TRAINING PROGRAM** - PM is taking all managers and sales representatives through a three-day program designed to improve the sales force's ability to work as a team, to rely on their co-workers and managers, as well as, to increase the level of trust throughout the organization.

PM has begun a program to instill a variety of values in their employees which are intended to guide their relationships with customers, consumers, and co-workers. They refer to them as I-STATE VALUES. (Attachment I)

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PHILIP MORRIS Cont'd

- **PLAYBOY MAGAZINE** - We have learned that Marlboro plans to run a ten-page unit in their May issue. This includes first half of book exclusivity. Speculation is that this will be a catalog, possibly offering items that would appeal to racing fans.
- **PHILIP MORRIS PROPERTY TAX** - PM, USA received a 3.8 million dollar reduction in its property tax valuation from Cabarrus County, N.C. The valuation of all the company's properties in Cabarrus County dropped from 236.4 million dollars to 232.6 million dollars. Eighteen hundred people are employed in Cabarrus producing 85 billion cigarettes per year. Current plans are to boost production to 125 billion a year by 1994.
- **PM DISTRIBUTOR ASSEMBLY AND DELIVERY PROGRAM** - PM has begun presenting this program to direct accounts listing the various payments an account can earn. They have also indicated to direct accounts participating in this program that promotions covered by the program will not be sold by their sales representatives. (Attachment II)
- **MERIT ULTIMA** - This line extension appears to signal that PM has backed off its efforts to introduce cigarettes using their de-nicotined technology. Both efforts, Next and B&H De-Nic, have performed well below expectations.
- **PHILIP MORRIS RESTRUCTURE** - We have learned that PM is testing a new sales force structure in northern New Jersey and southern New York State (including New York City). In this new structure, their sales representatives will call on either chains exclusively or independent stores exclusively. Those representatives calling on chains will report to a "Chain Manager" and those calling on independents will report to a "Retail Manager". Both the Chain Manager and Retail Manager will report to a District Manager.
- **ANTI SMOKING ADS** - PM has agreed to run ads with anti-smoking messages as part of its sponsorship of The Marlboro Grand Prix in New York City.

The company said the messages would appear on billboards, bus shelters, taxis and in trains from mid-July through September and would be directed at children. Some 1,100 anti-smoking ads will be placed, or 30% of the total Marlboro advertising Philip Morris expects to use in the New York area before the race.

PHILIP MORRIS Cont'd

- **SHARE BUY BACK** - On December 26 PM CFO, Hans Storr, said he expects the firm's average cost of borrowing money to drop from 8.5% to 8% on \$14.3bn in long and short-term debt, for an estimated pre-tax savings of \$26mn in 1992. Storr said PM may use the extra cash to "buy back shares or invest in another business."
- **INCENTIVE DISTRIBUTION PROGRAM** - PM has advised accounts their 1991 payment will be made in early February. The payment will be reduced significantly due to high credit costs.

This program will be continued thru the first quarter when it will be discontinued and incorporated into a revised "Masters" Program. (Attachment III)

BROWN AND WILLIAMSON

- **VICEROY CARTONS** - We have learned that B&W is in the process of manufacturing two million, five-pack cartons for Viceroy. These cartons should be ready for use in four to six weeks. It is not known at this time what type of promotion these cartons will be used for.
- **KOOL REPOSITIONING UPDATE** - B&W is working the following in Cleveland: Seventy-five cents off a pack coupon and a B3G3F promotion in large counter and floor dump bin displays. In Richmond they are also working the \$.75 pack coupon and a B1G1F promotion. Once the B1G1F is completed they will work a B3G3F promotion. Both Cleveland and Richmond have received numerous visits by marketing and sales executives to determine which of the two campaigns to go National with.
- **NEW AD AGENCY** - On January 10 B&W announced that Campbell-Mithun-Esty would replace Geer, DuBois Inc. on its \$30mm ad accounts for Raleigh and Capri cigarettes. Campbell already handles the creative work for B&W's Kool, Viceroy, and Belair.

Joe Helewica, a spokesman for B&W in Louisville, Ky., said the dismissal followed a decision that "there was a lesser role for Geer, DuBois in view of the way our future media buys are going." He added that B&W had been reducing media spending in favor of promotional efforts, especially at stores, as are other American cigarette marketers.

- **NEW BRAND INTRODUCTION** - B&W may introduce a generic or subgeneric product in the near future with the slogan, "Yesterday's prices for today's female."

LIGGETT AND MYERS

- **RETAILER INCENTIVE PROGRAM** - Liggett has announced a program whereby direct and indirect retailers can receive a three-day cruise for purchasing and displaying their full price brands. (Attachment IV)
- **EVE LIGHTS 100'S INTRODUCTION** - On February 17 Liggett will introduce two new styles, Lights 100's Box Filter and Lights 100's Box Menthol. Their introductory allowance is \$12.00 per 6M case and 30 day terms on initial orders. In conjunction with this introduction they are changing the packaging on their 120MM styles. (Attachment V)
- **SALES FORCE RESTRUCTURE** - LM is in the process of interviewing brokers throughout up state New York; Seattle, Washington; and possibly nationally for the purpose of utilizing them to handle their products in chain stores. If this approach proves successful, Liggett would maintain a small sales force to call on independent retailers. In preparation for this, they have begun redeploying manpower into their other operating units.

AMERICAN TOBACCO COMPANY

- **OPERATING PROFITS** - American Brands announced on January 27 that their operating profits increased 11 percent in the 4th Quarter. Operating profits from the tobacco business increased 15 percent to 280.9 million. For the first time in more than 25 years, American Brands' U.S. unit sales of tobacco rose reflecting strong performance of their generic and subgeneric brands.
- **FREE MISTY DISPLAY OFFER** - In an attempt to increase distribution of Misty in lower volume accounts, ATC is offering these retailers a free carton, prepacked in a buy two receive a free pen counter display. Displays will be delivered to stores via UPS. (Attachment VI)

MISC

- **TAX ON RESERVATION CIGARETTES** - New York State won a victory in the Supreme Court on January 21 in its long running efforts to collect taxes on cigarettes and other goods sold on Indian

Mr. J. W. Johnston

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MISC Cont'd

Reservations to nonIndian customers. As a result of the ruling, wholesalers will be limited in the amount of untaxed cigarettes they can sell on a reservation. The limit is based on an estimate of the number of cigarettes tribal members would be expected to use themselves.

- OSPREY MARKETING CORPORATION - This company is in the process of setting up a distribution network similar to the one used by Amway Products to sell tobacco seeds. For \$49.95, an individual can buy a ten-year supply of seeds which they claim can be grown in a spare corner of any room. They claim this would save over \$10,000 over ten years versus buying ready made cigarettes. (Attachment VII)



L. A. Sasso

BUSINESS INFORMATION AND ANALYSIS DEPARTMENT

IAS:jd

Attachments

Philip Morris has begun a program to instill a variety of values in their employees which are intended to guide their relationships with customers, consumers, and co-workers. They refer to them as I-STATE VALUES and are as follows:

Integrity--

Do we deliver on our commitments to customers?

Support--

*Can we rely on co-workers, especially when the unexpected happens?
How can we support our customers?*

Trust--

Can our customers rely on us, as partners in marketing, to help achieve their goals? How can we demonstrate this?

Accountability--

Is it clear what results each of us is committed to?

Teamwork--

How can we coordinate and cooperate with each other in PM, and with our customers, to produce outstanding results?

Energy--

Do we meet challenges with enthusiasm and spirit?

ATTACHMENT II

JAN 27 '92

KEILSON DAYTON**& PM USA**
PROGRAM

**DISTRIBUTOR
ASSEMBLY AND
DELIVERY PROGRAM**

A VERY PROFITABLE **PROGRAM**

- **INCREASED UNIT SALES**
- **INCREASED MASTERS \$**
- **ASSEMBLY PAYMENTS**

AUTOMATIC INCENTIVE **DISTRIBUTION**

- . INCREASED SALES**
 - . OVERALL UNITS**
 - . PRODUCT PROFIT**
- . INCREASED CUSTOMER SATISFACTION**
 - . INCENTIVE TO BUY MORE PRODUCT**
 - . FEWER EXCHANGES**
- . LESS DISRUPTION**
 - . FASTER TURN AROUND PROMO PRODUCT**

PROGRAM GUIDELINES

**. AUTOMATIC SHIPMENT OF
INCENTIVES & PRODUCT**

**. INCENTIVES & PRODUCT
ASSEMBLED**

. SHIPPED DIRECTLY TO RETAIL

. COUPONED PRODUCT

**. COUPONING DONE BY
DISTRIBUTOR**

. SHIPPED TO RETAIL

INCENTIVE PROGRAM PAYMENTS

- . FACTORY ASSEMBLED
PROMOS - \$18.00/CASE**
- . DISTRIBUTOR ASSEMBLED
PROMOS - \$24.00/CASE**
- . CARTON COUPONING -
\$9.00/CASE**
- . CARTON INCENTIVES -
\$12.00/CASE**

2nd QUARTER

1992 PROMOTIONS

3/30 - 5/15

5/18 - 6/30

<u>Pack</u>	<u>3rd Period</u>	<u>4th Period</u>
Premium Brands	2	2
Price Value Brands	3	0

<u>Carton</u>	<u>3rd Period</u>	<u>4th Period</u>
Premium Brands	1	2
Price Value Brands	2	1

MATERIALS SHIPMENT DATES

3rd Period - 3/30-5/15

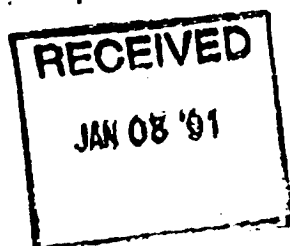
Materials Arrive 3rd Period By 3/30

4th Period - 5/18-6/26

Materials Arrive 4th Period By 5/18

WHAT'S INVOLVED TO BEGIN THE PARTNERSHIP?

- . ASSESSMENT OF
DISTRIBUTOR MANPOWER
NEEDS, SPACE REQUIREMENTS**
- . RETAIL/CHAIN
ACCEPTANCE (PM PERSONNEL)**
- . DATA ENTRY BY
DISTRIBUTOR**



PHILIP MORRIS

U.S.A.

120 PARK AVENUE, NEW YORK, N.Y. 10017-6562 TELEPHONE (212) 690-8000

December 30, 1991

Circular No. 646

TO OUR DIRECT BUYING CUSTOMERS:

As 1991 draws to a close, Philip Morris U.S.A. wishes to thank you for your efforts on behalf of our products and programs. Your allowance under our 1991 Incentive Distribution Program (IDP) will be calculated in January, and your check will be delivered soon thereafter.

Each year the Philip Morris U.S.A. IDP payment is adjusted and reduced by amounts associated with credit costs and administrative expenses related to the program.

During 1991, as you know, there were a number of adverse developments within our direct customer community, resulting in significant credit costs. As a consequence, we expect that there will be a substantial reduction in the total funds to be distributed to our direct customers under the 1991 Incentive Distribution Program.

We will continue our IDP Program through the first quarter of 1992. Effective April 1, 1992, our IDP Program will be terminated, concurrent with the announcement of a new Masters Program.

Details of the 1992 program are summarized below:

1. Each customer's allowance under the 1992 program for the quarter ending March 31, 1992 will be determined as follows:
 - Philip Morris U.S.A. will contribute 5.0¢ per thousand cigarettes of our manufacture sold to our direct buying customers while the 1992 program is in effect.

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- The total Philip Morris contribution will be reduced by the amount of our credit costs and administrative expenses related to this program during the quarter ending March 31, 1992.
 - Each customer's allowance will be a percentage of the adjusted total contribution equal to the customer's percentage share of total Philip Morris U.S.A. unit sales for the quarter ending March 31, 1992.
2. A check reflecting the allowance earned under the first quarter 1992 program will be delivered to each bill-to location of a customer as soon as practicable during second quarter 1992.
 3. Allowances under the 1992 program will be paid to the last customer of record for a given bill-to location at the end of the program. Philip Morris U.S.A. will not prorate any amounts due under this program between buyers and sellers of all or part of a customer's business. If a buyer and seller wish the allowance to be paid otherwise, they should promptly advise Philip Morris U.S.A. by joint letter.
 4. No customer is permitted to deduct any part of its allowance or anticipated allowance under this program from any invoice at any time.
 5. We reserve the right of offset for those customers who have past-due balances.
 6. We reserve the right to modify the program in any respect, or to terminate it, on thirty days' prior written notice.

We wish you a happy, healthy and successful New Year and look forward to your continued support of our products during 1992.

PHILIP MORRIS U.S.A.



PHILIP MORRIS

U.S.A.

120 PARK AVENUE, NEW YORK, N.Y. 10017 TELEPHONE (212) 600-6000

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/ C

Circular No. 649

DEAR MASTERS PARTICIPANT:

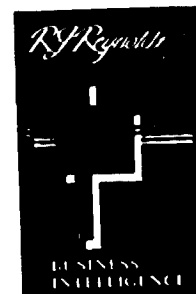
We are pleased to announce that Philip Morris USA will continue our current "Masters in Distribution Excellence Program" through the first quarter of 1992. We will be implementing a revised "Masters" Program, effective April 1, 1992.

During the first quarter of 1992, your Philip Morris representative will be contacting you to present our revised Masters Program.

Thank you for your continued support and participation in the marketing of our products. We wish you a joyous holiday season, and a successful new year.

PHILIP MORRIS U.S.A.

51352 8540



LIGGETT GROUP
RETAILER INCENTIVE PROGRAM
January - June, 1992

EVENT:

A 1st half '92 retailer incentive program on Liggett Group brands where retailers can earn a vacation trip based upon purchase and display performance.

THEME:

"Cruise With Liggett To A Fantasy Getaway"

CONCEPT:

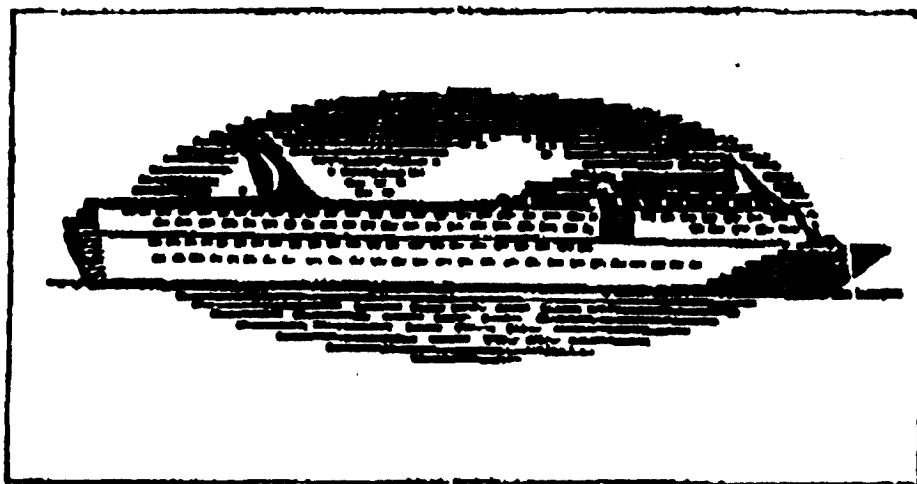
Retailers can earn a 3 day/3 night cruise vacation for two on the flagship cruise ship of America's leading cruise line--Carnival--when they achieve predetermined performance goals during the promotion period. (Program details for both indirect and direct retailers are included in the appendix).

Trip will include on-board lodging and meals, round trip coach airfare, transfers, port charges and \$250 in spending cash.

PROGRAM DATES:

- | | |
|---|--------------------------------|
| ▶ Performance Period | - Jan. 1, 1992 - June 30, 1992 |
| ▶ Liggett supplies participant list | - Jul. 15, 1992 |
| ▶ Maritz notifies winners | - Late Jul. |
| ▶ Winners return travel registration card | - Mid Aug. |
| ▶ Tickets forwarded to winners | - Early-Mid Sept. |
| ▶ Departure date | - Oct. 4 and Oct. 25, 1992 |

**Display Liggett's full-margin brands
and a luxurious cruise for two is yours.**



LARK

Chesterfield

1. Take advantage of Liggett's volume building promotions on Eve, Lark, Chesterfield and L&M.

9. Purchase and display a total of 300 cartons (you may combine brand styles) during the period of January-June 1992.

8. Determine the optimal display configuration and set your display calendar with your Liggett representative now.

And start planning your dream cruise for two.

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UPM 101H

CRUISE CONTINUITY PROGRAM

100% COTTON FAMILY BRANDS	NO. OF CARTONS
CVC	
LARK	
CHESTER FIELD	
LOH	
TOTAL NO. CARTONS CVC, LARK, CHESTER FIELD, LOH	

Liggell Group Inc.

[illegible]

NOTE: THIS IS A ROUGH
BLACK + WHITE REPRESENTATION
OF THE GELCO "RAPID-DEAL"
SELL-SHEET.

DISPLAY DATE

— 10 —

THEY CAN'T GET ANY MORE FROM THE CUBS

PAVANE THROUGH
FOREST PARK WOODS, N.Y.
JULY 1954

7516

NON-NEGOTIABLE

NON-NEGOTIABLE

RECEIVED

JAN 27 '92

"CRUISE WITH LIGGETT"

Program Elements for Indirect Retailers:

- Retail accounts can win Free "Carnival® Cruises" for purchasing and displaying LGI Full-Price brands.
- Specified Brands: All styles B&W, Lark, L&M & Chesterfield
- Program Period: January 1, 1992 - June 30, 1992
- Open to Indirect Retailers only

Program Details:

- Accounts will be awarded (1) Free Carnival® Cruise Package (double occupancy) for every 360 cartons of LGI specified Full-Price brands they purchase and display during program period.*

Program Stipulations:

- No more than 25% (90 cartons) of the 360 carton requirement can be applied to the contest totals during the last week of the promotion.
- Post-Contest Returns above historical proportions will be deducted from totals.
- Performance will be verified by Gelco "Rapid-Deal" check issuance.
- NOTE: Limit (2) Cruise Awards per store.
- For accounts with more than one store, purchase requirements and awards will be based on individual store performance. Example: A 3 store indirect account has (2) stores that each purchase and display 360 cartons during the program. We will award (2) cruise packages to the account.

"CRUISE WITH LIGGETT"

Program Elements for Direct Retailers:

- Retail accounts can win Free "Carnival® Cruises" for incremental LGI Full-Price business.
- Specified Brands: All styles B&W, Lark, L&M & Chesterfield
- Base Period: July 1, 1991 - December 31, 1991
- Contest Period: January 1, 1992 - June 30, 1992
- Open to Direct Retailers only

Program Details:

- For the attainment of incremental Liggett Full-Price sales of 25% during contest period compared to base period, account will be awarded (1) Free Carnival® Cruise Package (double occupancy). **Note:** 25% incremental business must be at least (25) 6m cases.
- Once the 25% incremental level is met, every additional (25) 6m cases* will earn the account (1) additional cruise package. No Limit. *Any combination of LGI Full-Price Brands.

Program Stipulations:

- Orders during June 1992 to be applied to the contest totals cannot exceed 25% of January-May 1992 sales totals for participating accounts.
- Post-Contest Returns above historical proportions will be deducted from incremental totals.
- Performance will be verified by Liggett Account Sales documentation.

Program Rules:

- (1) Contest open to residents of the US who are 21 years and older except employees of Liggett Group Inc., Carnival® Cruise Lines, their parents, subsidiaries, divisions and related companies and their respective agencies and agents.
- (2) Travel companion must sign a travel release. Participants agree to release Liggett Group Inc., participating sponsors, their affiliates and agencies, from any and all liabilities for injuries or damages of any kind sustained while involved in a contest activity once accepted.
- (3) Prize is a 3 day Cruise for two to Nassau, The Bahamas which includes round trip airfare, as described in the attached fact sheet, and \$250 in spending cash. Approximate retail value is \$2,250. Exact retail value is dependent upon winner's point of embarkation. Travel dates subject to reservation and confirmation availability. Travel departure dates are 10/4/92 or 10/25/92*. Participants final departure date will be determined on a first come, first serve basis. (*Additional dates may be added at a later date.) Taxes are not included.
- (4) All federal, state and local taxes are the sole responsibility of the prize winner.
- (5) Winners may be required to execute an affidavit of eligibility and release. By acceptance of the prize, winners consent to the use, without compensation, of his/her name and/or likeness for promotional and advertising purposes in connection with this promotion.
- (6) This promotion void where prohibited by law.
- (7) No cash substitution or prize value is permitted, nor may prize be used as consumer promotional device, or sold or exchanged.

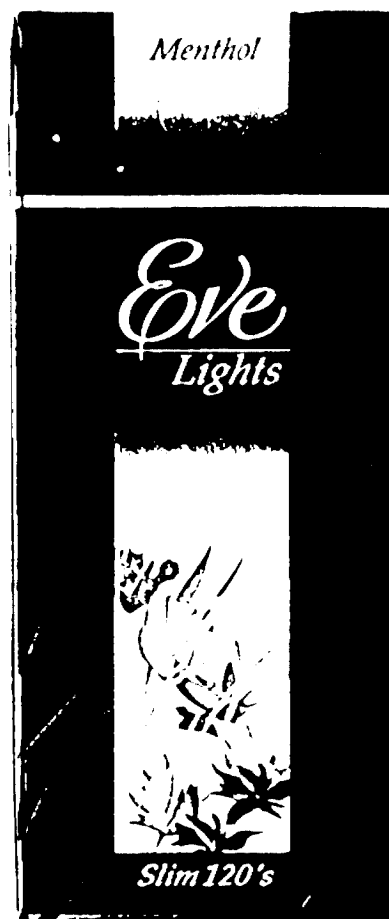
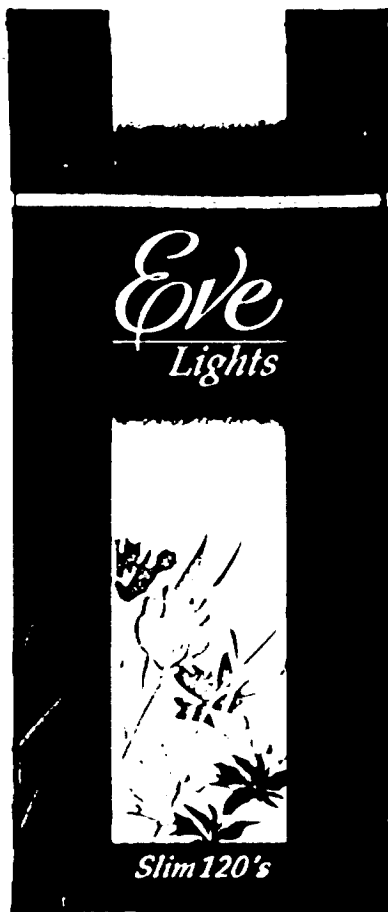
CARNIVAL CRUISE LINE'S FANTASY SHIP 3 DAY CRUISE

The *FANTASY* is Carnival Cruise Line's most futuristic superliner. This floating resort will take you on a luxurious 3 day cruise to Nassau in the Bahamas.

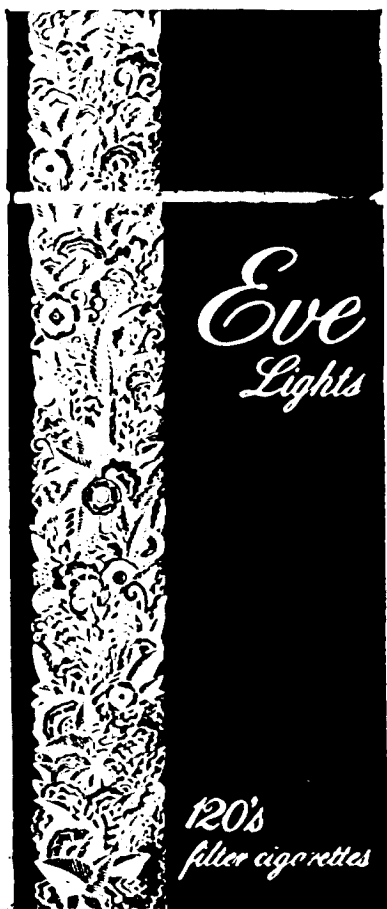
ITINERARY

The *FANTASY'S* itinerary offers a 3 day cruise, including a full day at the Bahamian port of Nassau and the experience of a day-at-sea.

- **DEPARTURE** - Depart from your home city on a relaxing flight to Miami, Florida.
- **ARRIVE IN MIAMI** - Upon arrival in Miami, a Travel Director welcomes you and assists you with transportation and luggage to the pier where you will board the *FANTASY* Superliner.
- **RELAX AND ENJOY ON BOARD** - While on-board, you will experience four full decks of fun and excitement, including:
 - ▶ Full range of entertainment, including two different nightclub shows each evening at sea.
 - ▶ Welcome Aboard Rum Swizzle Party
 - ▶ Captain's Cocktail Party
 - ▶ Gala Captain's Dinner
 - ▶ Three Bands and Orchestras
 - ▶ Duty-Free Shopping on board ship
 - ▶ Full Gambling Casino
 - ▶ Eight Meals and Snacks a Day; including two late night buffets (even a full breakfast in bed, if you like).
- **NASSAU...THE QUEEN OF THE BAHAMAS** - You'll spend one full, adventurous day on this exotic island of Georgian charm. Enjoy an unlimited array of activities such as water sports, golf, tennis, and sightseeing. And Bay Street offers shops, boutiques and bargains with sensational buys on china, perfume and apparel.
- **FULL DAY AT SEA** - You will have a full day at sea to enjoy the *FANTASY* to its fullest. After a leisurely breakfast, take a stroll on the Promenade Deck or relax in a deck chair and soak up the south Atlantic sunshine. If you feel more ambitious, there are exercise classes, skeet shooting, golf driving or duty-free shopping in the Galleria Mall.
- **HOMEWARD BOUND** - End your fun-filled 3 day cruise with a tasty breakfast on the ship's deck, before docking in the home port of Miami. Then settle back and relax on your flight home.

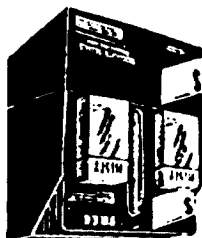


ATTACHMENT V

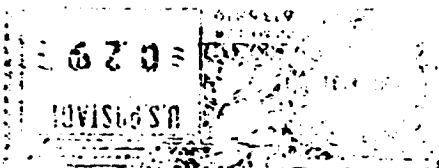


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FREE MISTY DISPLAY OFFER



The American Tobacco Company
Six Stamford Forum
P.O. Box 10380
Stamford, CT 06904

MISTY

Yes, please send me the FREE MISTY DISPLAY!
Please respond by December 13, 1991.

X _____
(signature required)

PEEL ADDRESS STICKER FROM OTHER SIDE

AND PLACE HERE

Outside of Postcard

ATTACHMENT VI

Inside of Postcard

MISTY

**AN ABSOLUTELY FREE CARTON OF
MISTY CIGARETTES SHIPPED TO YOU IN
A FREE CUSTOM MADE DISPLAY
(RETAIL VALUE = \$10.40)**

- Display is 7" x 10½" high
- 5 Blister Packs with Pen
- Display sent directly via UPS
- The only *slim* sub-generic cigarette in the market
- A leading fashion brand with a Stylish Low Price
- AN ABSOLUTELY FREE NO STRINGS ATTACHED FREE OFFER

Brad A. Hammond
Sales Promotion Manager
The American Tobacco Company



NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

BUSINESS REPLY MAIL

FIRST CLASS MAIL PERMIT NO 102 NEWTOWN SQUARE, PA

POSTAGE WILL BE PAID BY ADDRESSEE:

The American Tobacco Company
335 Bishop Hollow Road
Newtown Square, PA 19073



51352 8549

**Save
\$**

Smokers

& Friends of Smokers

**Save
\$**

Grow your own in a spare corner of any room; can be a decorative plant. This is easier than making your own wine or beer. Save over 99%. To smoke in the U.S. 1ctn./week for 10 years, it would cost you over \$10,000; in Canada it would cost you over \$23,000. Here is more than a **10 years** supply and complete instructions for only **\$49.95**. Send money order or cashier's check to:

Osprey Marketing Corporation
U.S. - #808-P.O. Box 34069, Seattle, Wash. 98124.
Canada - P.O. Box 808-Vancouver, B.C. V57 4C9.
This includes all shipping and handling.

ACT NOW!

If you are a non-smoker, this makes a great gift for a smoking friend. Get involved in a tremendous money making venture. See our marketing program on reverse side.

***If you decide to purchase, fill in form below.**

***If you also decide to become a distributor, fill in form below and the enclosed distributor application.**

Please note: All postage on products and commissions payed by O.M.C.
All payments in U.S. currency only.
All commissions are payable in U.S. currency.

I am of legal age. Signature _____ Date _____

Name (Please Print Clearly)		Date	
Street Address			
City		State/Prov.	Zip/Area Code
Area Code	Home Number	Area Code	Business Phone

DISTRIBUTOR INFORMATION

Distributor's Name	Gauer, Rick C	Distributor's Social Security No.	719754418
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51352 8550



OSPREY MARKETING CORPORATION

808 - P.O. Box 34069
Seattle, Wash., 98124

P.O. Box 808
810 W. Broadway,
Vancouver, B.C., Canada V57 4C9

OFFICE USE ONLY

By

(604) 420-1116 Fax: 420-1146

DISTRIBUTOR APPLICATION AGREEMENT

Social Security No. (*)

Date

Distributor Name (Last, First, Initial) (This is your personal name. Checks will be in this name).

Company Name

Street Address

City

State/Prov.

Zip / Area Code

Area Code

Home Number

Business Phone

AS A DISTRIBUTOR, I UNDERSTAND AND AGREE THAT

The above-named agrees to the terms set below between the company (herein Osprey Marketing Corp.) and Distributor. I am of legal age in the area in which I reside.

1. Independent Contractor.

The Distributor is and at all times shall remain an independent contractor and is not and shall not be construed to be a partner, joint venture, employee, agent representative or participant of or with the company for any purpose whatsoever. Distributor agrees to be responsible for own expenses, license, income taxes or any other liabilities and responsibilities incurred by the Distributor's business.

2. Upon acceptance of this application by O.M.C., Distributor is authorized as an independent O.M.C. distributor commencing on the date of this agreement and shall end one year later. This agreement shall be renewed for an additional one year period provided Distributor has requested in writing and has submitted the \$25.00 computer fee, not less than 30 days prior to the end of the term or any renewal period, an extension of the agreement.

3. Distributor will not represent O.M.C. in any manner and will make no statements, claims or warranties respecting O.M.C. which are not contained in O.M.C. written materials. Distributor agrees to perform all of its obligations under this agreement in a manner consistent with all applicable laws and regulations and with the principles of good conduct and business ethics, in order to protect and enhance the name of the company, the reputation of the product, and the goodwill attached to any trade names or any trademarks in use or hereafter adopted or used by the company.

4. Distributor understands that there are no guarantees of earnings in the O.M.C. marketing program and that there are no exclusive territories within the program.

5. Distributor understands that there is a personal purchase requirement of O.M.C. products as part of the expenses for becoming a Distributor. Distributor also understands there are no inventory requirements of O.M.C. products and that the Distributor may terminate the agreement at any time by written notice.

6. Distributor understands and agrees that a violation of any of the terms of this agreement, including the policies and procedures of O.M.C. may result in the termination of Distributor's authorization as an O.M.C. distributor.

7. Distributor will not assign, sell or otherwise convey to any other person or entity any of the rights, privileges or interests as an O.M.C. distributor without the prior written consent of O.M.C.

8. This agreement shall be governed by the laws of B.C. and all claims, disputes or other matters between the parties shall be brought in provincial federal court in the province of B.C., Canada.

Date _____ Signature _____

SPONSOR INFORMATION

Name (Last, First, Initial)

Gauer, Rick C.

Sponsor's Social Security No.

7 1 9 7 5 4 4 1 8

Sponsor's Home No.

604-939-4109

Enclosed - \$25 Annual Computer Fee

☐ Money Order ☐ Cashier's Check

Note: *For your own records - photocopy this agreement prior to remitting to O.M.C. The sponsor will receive, with his monthly commission check, a statement showing lines of sponsorship.

*Prior to mailing out to prospective clients, fill in the sponsor information on all paperwork.

*Order info. on reverse side.

Printed in Canada

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