

THE TOBACCO INSTITUTE

1875 I STREET, NORTHWEST
WASHINGTON, DC 20008
202/457-4800 • 800/424-9878

WILLIAM KLOEPPER, JR.
Senior Vice President-
Public Relations
202/457-4861

June 30, 1987

Mr. Joseph L. Powell, Jr.
Chairman
Ogilvy & Mather Public Affairs
1901 L St., N.W., Suite 320
Washington, D.C. 20036

Dear Jody:

This letter agreement, which is effective July 1, 1987, is between The Tobacco Institute, a trade association, hereinafter referred to as "The Institute," and Ogilvy & Mather Public Affairs, hereinafter referred to as "Ogilvy."

1. Term. This agreement may be cancelled by either party by giving the other 30 days' notice of intent to terminate.

2. Scope of Work. It is agreed that Ogilvy will provide The Institute public affairs consulting services on the excise tax, public smoking and coalition building issues, as well as public relations support to the Tobacco Industry Labor Management Committee. These services shall include, but not be limited to, assistance in strategy development and implementation, writing assignments as appropriate, and initiating and maintaining contact with targeted coalition groups.

Work performed under this agreement will be authorized in advance and supervised by The Institute's Vice President for Issues Management.

3. Staffing. Ogilvy shall provide to The Institute and maintain on a current basis a list of staff assigned to work on Institute projects. Any staff assigned to Institute projects other than those on that list must be approved in advance by The Institute's Vice President for Issues Management.

4. Billing Rates and Procedures. The Institute will pay Ogilvy a retainer of \$45,000 a month to perform the

services described above. Any assignments outside the scope of this contract will be negotiated separately. Direct costs, such as subcontractors, travel and telephone charges, shall be reimbursed on an actual cost basis.

Ogilvy invoices to The Institute shall include a breakdown by project of hours worked and/or subcontractor assigned. Invoices also shall be accompanied by appropriate documentation of direct costs in excess of \$250.


This retainer shall be subject to quarterly review by The Institute and Ogilvy.

5. Conflicts of Interest. It is agreed that Ogilvy will advise The Institute in advance of any other clients or business activity which could present a conflict of interest or the appearance thereof. The Institute reserves the right to terminate this agreement by written notice without liability if, in the judgment of The Institute, Ogilvy engages any client or engages in any business activity which is not in the best interests of The Institute or the tobacco industry or otherwise inhibits its ability to perform effectively for The Institute.

6. Audit of Ogilvy & Mather Public Affairs. The Institute shall have the right to audit Ogilvy's financial books and records and other documents which support charges for work performed under this agreement.

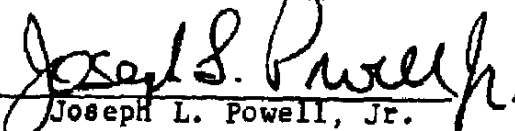
Please sign and return a copy of this letter indicating your agreement to the provisions contained herein.

Very truly yours,
THE TOBACCO INSTITUTE INC.

By 
William Kloepfer, Jr.
Senior Vice President

AGREED AND ACCEPTED:

OGILVY & MATHER PUBLIC AFFAIRS

By 
Joseph L. Powell, Jr.
Chairman