

Mark



PHILIP MORRIS

U. S. A.

120 PARK AVENUE, NEW YORK, N.Y. 10017 TELEPHONE (212) 880-5000
15600 JFK Blvd., #110, Houston, Texas 77032

January 2, 1992

Mr. Hal Adams
National Convenience Stores
100 Waugh Drive
Houston, Texas 77007

Dear Hal:

Historically in the convenience store industry Marlboro suffers approximately a 3% out-of-stock situation for the months of December, January and February. As you well know, when you are out-of-stock on Marlboro, your cigarette sales suffer for a long term basis. Using the 3% average on your Marlboro sales pricing this 13 week period, you will see a potential of 38,000 cartons or 380,000 packs of lost revenue. This is approximately \$740,000 plus in lost sales or \$116,000 in gross margin dollars.

Our Trade Marketing Department has established a profitable program for you in order to protect out-of-stocks and lost sales. The program is a win-win situation and the details are as follows:

- . From January 6th through January 17th, Philip Morris will pay you 20¢ per carton on 30 cartons over and above your normal orders during the two week period. This will be \$6.00 per store x 975 stores for a total of \$5,850.00.
- . From January 20th through January 31st, Philip Morris will pay you 30¢ per carton on 30 cartons over and above your normal orders during the two week period. This will be \$9.00 per store x 975 stores for a total of \$8,775.00.
- . You must participate twice to receive the 30¢ bonus during the second period, otherwise 20¢ will be offered.

The bottom line in this promotion will pay you \$14,625 to protect a potential loss of \$740,000 in lost Marlboro sales or \$116,000 in potential lost gross margin dollars. We also want to insure sufficient inventories to support a

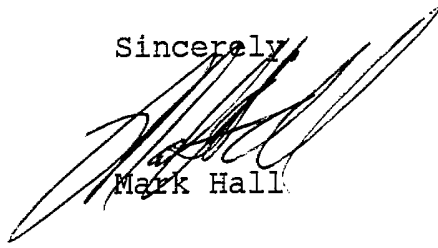
2062542383

national Marlboro direct coupon drop of 13 million \$4.00
Marlboro carton coupons and to eliminate the seasonal
out-of-stocks.

Your payments on the bonus program will be made upon
the receipt of a letter or invoice to your wholesaler
requesting the automatic distribution of the product.

If you have any questions, please let me know.

Sincerely



Mark Hall

MH/mh

cc: J. Love
P. Reynolds
T. Hoang
J. Reed