



PHILIP MORRIS

INCORPORATED

120 PARK AVENUE, NEW YORK, N.Y. 10017 • TELEPHONE (212) 880-5000

October 17, 1990

Dr. Gilbert C. Rapaille
Rapaille International, Inc.
d/b/a/ Archetype Studies
1646 Woods Drive
Los Angeles, CA 90064

Dear Dr. Rapaille:

This letter, when countersigned below, will constitute the agreement between Rapaille International, Inc. d/b/a/ Archetype Studies ("Archetype") and Philip Morris Incorporated ("Philip Morris"), pursuant to which Archetype will perform certain services for Philip Morris as described in this Agreement. The terms and conditions of our agreement are as follows:

1. Services. Archetype will provide certain research services for Philip Morris (the "Services"). The Services will consist of an Archetype team consisting of yourself, Beverly Moore and Leslie Seabury (the "Team") conducting ten sessions of in depth anthropological research over a period of approximately six months.

2. Compensation and Payment Schedule. As full compensation for the Services, Philip Morris will pay Archetype \$130,000, to be paid as follows: \$39,000 within ten days of execution of this Agreement, \$52,000 two months following commencement of this Agreement's term, and \$39,000 upon satisfactory completion of the Services.

3. Expenses. Philip Morris will reimburse Archetype for all expenses reasonably incurred by the Team in performing the Services. Expenses that exceed \$25 must be submitted with invoices. Expenses that exceed \$250 must be approved in advance by Philip Morris.

4. Term and Termination. The term of this Agreement commenced as of September 1, 1990 and will end upon satisfactory completion of the Services. Philip Morris reserves the right to terminate this Agreement at any time upon written notice to Archetype, provided that, in the event of termination, Philip

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Morris will reimburse Archetype for all reasonable expenses incurred by the Team prior to notice of termination.

5. Independent Contractor. Archetype is an independent contractor and nothing contained in this Agreement shall be construed to create any association, partnership, joint venture or relation of principal and agent or employer and employee between Philip Morris and Archetype or any of its employees within the meaning of any federal, state or any workers' compensation or industrial law, or otherwise. Archetype will not enter into any agreements, oral or written, or otherwise obligate Philip Morris without Philip Morris' prior written approval.

6. Exclusivity.

(a) During the term of this Agreement and for six months thereafter, Archetype will not within the United States, either directly or indirectly, without the prior written approval of Philip Morris, provide services the same as or similar to the Services to a company or other organization that competes with any tobacco product of Philip Morris or its subsidiaries or affiliates or the interests of which compete or conflict with the interests of Philip Morris or its subsidiaries or affiliates. Archetype further agrees to notify Philip Morris of Archetype's intent to render similar services not otherwise prohibited by this paragraph to any third party worldwide. In such event, Archetype will grant Philip Morris an opportunity contract with Archetype on the same or equally advantageous terms as those offered the third party.

(b) Archetype hereby grants to Philip Morris the sole and exclusive right to own and use all data, research and other information of whatever sort and in whatever form created or developed pursuant to this Agreement. Archetype will not sell, provide or otherwise share the research, data and other information created or obtained pursuant to or in connection with this Agreement with any third party. Archetype will hold strictly confidential all data, research and other information created, developed or obtained in connection with this Agreement and all sources and materials from which such data, research and information is derived. The provisions of this paragraph will survive the expiration or termination of this Agreement for any reason.

7. Confidentiality.

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(a) Archetype will hold in strict confidence all information that may be disclosed to Archetype, either orally or in writing, by Philip Morris, its employees, or agents in connection with, or incidental to, the Services. Archetype will use any such information only for the benefit and at the direction of Philip Morris, and, unless it has secured the prior written consent of Philip Morris, will not disclose such information to any third party, except those of Archetype's employees or agents who have a genuine need to know such information for the performance of the Services, and subject to a suitable undertaking of confidentiality from any such third party. In the event of termination or expiration of this Agreement, all such materials will be returned to Philip Morris within thirty days. Archetype will return any notes, correspondence, documents or other records prepared in connection with the provision of the Services, including any copies thereof. Each of the parties understands and agrees that these materials will not be used for any purpose after notice of termination or expiration of this Agreement without the prior written consent of Philip Morris.

(b) Archetype will not in any way disclose the terms of this Agreement or its relationship with Philip Morris, including the existence of such relationship, without Philip Morris' prior written consent. This prohibition against disclosure will include, but not be limited to, a prohibition against Archetype publishing, utilizing, referring to or in any way communicating Philip Morris' name, logos or any other identifying information in connection with the Services or promotional or advertising or other materials created by or for Archetype.

(c) Archetype acknowledges that damages alone will not be an adequate remedy for breach by it of the provisions of this paragraph, and, in addition to any other remedy to which Philip Morris may be entitled, Philip Morris will be entitled to injunctive relief in any court of competent jurisdiction.

(d) The obligations placed upon Archetype, its employees and agents by this paragraph will survive the expiration or termination of this Agreement for any reason.

8. Ownership of Materials. All material prepared or developed by Archetype pursuant to this Agreement will become the property of Philip Morris, and Archetype hereby agrees to assign to Philip Morris any and all copyrights in and other rights to

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the material. Archetype will not use or disclose the material to third parties without the consent of an authorized representative of Philip Morris to whom the material must be submitted in advance of Archetype's use or disclosure. Any disclosure must be accompanied by an appropriate application of a notice of Philip Morris' copyright interest. Archetype will not engage or permit the creation of any copyrightable material for Philip Morris by any person who is not a regular full time employee whose work is performed on Archetype's business premises unless that person agrees to execute an assignment to Philip Morris of any and all copyrights in all material created in a form acceptable to Philip Morris. Upon the acceptance by Philip Morris of any copyrightable material prepared by Archetype, Archetype, at the request of Philip Morris, will assign all of its right, title and interest in the material to Philip Morris and will execute an assignment in a form acceptable to Philip Morris.

9. Third Party Contacts. If at any time during or after the term of this Agreement, Archetype is contacted by any third party including the media or press concerning its activities on behalf of Philip Morris, Archetype agrees to make no comment and to refer such inquiries to Philip Morris, Vice President, Corporate Affairs. Archetype further agrees to notify Philip Morris of all such third party contacts.

10. Indemnity. Archetype will indemnify and hold harmless Philip Morris and its subsidiaries and each of their officers, employees, directors and agents from any and all losses, claims, damages, actions, liabilities, costs and expenses (including reasonable attorney's fees) that may arise from Archetype's performance under this Agreement. The indemnification set forth in this paragraph will survive the termination of this Agreement.

11. Insurance. Archetype will comply with all applicable workers compensation laws and shall obtain comprehensive general liability and automobile insurance, with limits of no less than \$1,000,000 combined single limit for bodily injury and property damage.

12. Applicable Laws. Archetype will comply with all laws and regulations applicable to its services under this Agreement. Archetype acknowledges that it is cognizant of the provisions of Title 15, Section 1331 et seq. of the United States Code.

13. Miscellaneous.

(a) This Agreement is the complete agreement between the parties and supersedes any prior oral or written

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agreement, and may not be amended except by a duly executed writing.

(b) This Agreement will be governed by the laws of the State of New York applicable to agreements made and to be performed entirely in the State of New York, but without regard to conflict of laws provisions of New York State laws.

(c) A waiver by either party of any of the terms or conditions of this Agreement, in one or more instances, will not be deemed a general waiver of any other term.

(d) This Agreement may not be amended or assigned except by a writing signed by both parties.

14. Notices. Any notices required or permitted to be given under the terms of this Agreement will be in writing, given in person or by United States certified mail, return receipt requested, postage fully prepaid mailed to the party as follows:

if to Philip Morris: Philip Morris Incorporated
120 Park Avenue
New York, New York 10017
ATTN: Ms. Carolyn Levy

if to Archetype: Rapaille International, Inc.
d/b/a Archetype Studies
1646 Woods Drive
Los Angeles, California 90064
ATTN: Dr. Gilbert Rapaille

Very truly yours,

PHILIP MORRIS INCORPORATED

By: 

Title: SR. VP Marketing

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ACCEPTED AND AGREED AS OF
THE DATE OF THIS LETTER:

RAPAILLE INTERNATIONAL, INC.
d/b/a Archetype Studies

By: 

Title: P R E S I D E N T . C E O .

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