

**PHILIP MORRIS MANAGEMENT CORP.**

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**TO:** Denise F. Keane

**DATE:** February 12, 1996

**FROM:** Jacqueline D. Gilbert

**SUBJECT:** Retail Masters Payments

The attached graphic shows current payments on existing RM contracts: PS (60¢), PN (30¢), CL (50¢) and CT (60¢). Additionally, the "Premium" or "Enhanced" Tobacco Store contract (T1), about to go out the door, has been paying 60¢ during its test in California.

The bracketed contracts are for geographies where local regulations do not permit self service merchandising and the payment amounts are "proposals."

Of particular concern is the jump in payment between a current PN store (non-self service pack by choice) and the proposed "legislated non-self service pack": the same contract values would be used but the payment would double. This could create a powerful incentive for retailers to lobby for restrictions while protecting themselves from shrink!

JDG/ac  
Attachment

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**PACK CONTRACTS**

	PS	PN	[PN]
	(Self Service Pack)	Non-Self Service Pack)	Legislated NSS Pack)
MPL1	30	15	30
MPL2	30	15	30
TOTAL	60	30	60

**CARTON CONTRACTS**

	CS	CL	CT	T1	[LN]	[LT]	[LP]
	(SS Carton)	(Limited SS Carton)	(Tobacco Store)	(Premium Tobacco Store)	(Legislated NSS Carton)	(Legislated NSS Tobacco Store)	(Legislated Premium Tobacco Store)
MPL1	30	20	30	30	30	30	30
MPL2	30	30	30	30	30	30	30
TOTAL	60	50	60	60	60	60	60

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