

GEM STATE DISTRIBUTORS, INC.

Wholesale distributors of candy, tobacco, groceries, health & beauty aids and general merchandise.

Nick Camfield
Trade Marketing Manager
Philip Morris U.S.A.
14785 Preston Rd. Suite 790
Dallas, TX 75240

August 31, 1994

Dear Nick:

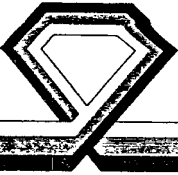
The purpose of this letter is to follow up on a meeting we had a couple months ago with Rafael Gutierrez, Director of the Indian Pueblo Cultural Center (IPCC) in which Nick Camfield, Lori Funness, David Gentry, Lisa Peterson, and Terry Maestas were present representing Philip Morris. As the IPCC's distributor, I attended also. The meeting was held to solicit help from Philip Morris in sharing the cost of a new two-level 3 thousand square foot smoke shop complete with two drive-up windows, a walk-in store, and a second floor stock room and conveyer system. Though sharing outside construction costs may be unprecedented for Philip Morris, I hope you will give this case consideration. By participating in this funding, *the IPCC will commit to you for whatever promotion, advertisement, inside decor and fixture, and shelf assignment requirements that you will place on them.*

What is the Indian Pueblo Cultural Center? In short, the IPCC represents the 19 Pueblo Indians in New Mexico for the purpose of sharing their rich culture with guests. Guests of the IPCC learn of the Native American cultural diversity by the art of film, drama, and dance in its 260-seat theater; by the crafts and artifacts displayed in its museum, exhibit gallery, and archives; by the traditional dance performances and festivals in its center plaza; by the numerous authentic Indian hand-crafted items in its gift shops; by the authentic Pueblo Indian cooking in its restaurant; and by its adobe style drive-up smoke shop. For more information on the IPCC, see the material enclosed.

Why is the IPCC considering a new, much larger smoke shop? The existing smoke shop is quite small, is hidden in the back of the parking lot, and has difficult access. Nevertheless, the shop sells nearly 4 thousand cartons per week. This is truly a mega-account, with a tremendous degree of potential. The proposed smoke shop is on the south side of the grounds very near to the 12th street exit off of Interstate 40. This location will provide for much-greater visibility and access. Also, store hours will be extended. In sum, with a new and better smoke shop location and with the IPCC being in the center or heart of Albuquerque, we realistically project the store to double and even triple in its sales volume. This equates to approximately 10 thousand cartons per week, or the equivalent cigarette sales volume of that of 50 average size convenience stores.

What are the specifics of the Philip Morris investment? The cost of the building will be near 80 dollars per square foot or about 240 thousand dollars. The IPCC is asking Philip Morris to fund half of this. The architectural plans are enclosed. The construction could begin immediately. The location is right off Interstate 40 near downtown Albuquerque. The Indian cigarette tax advantage is \$2.10 per carton in New Mexico. Politically, Native American rights are protected in New Mexico. And again in return for your investment, *the IPCC will commit to Philip Morris for whatever promotion, advertisement, inside decor and fixture, and shelf assignment requirements that you will place on them.*

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Having been in the candy and tobacco industry for almost 40 years, we at Gem State Distributors have dealt with every kind of customer imaginable. Certainly, the Indian Pueblo Cultural Center ranks up there as one of our all-time best customers. We have been doing business together for 10 years. They are honest, professional, well-managed, and progressive-minded. Thank you for your time, and I hope you give this proposal real consideration.

If you have any questions please contact me at (505) 343-1000 or Rafael Gutierrez at (505) 843-7270.

Sincerely,

Joseph Noorda
Vice President, Sales

cc: Mike Szymanczyk - Philip Morris, NY
S.J. Bloom - Philip Morris, NY
Lori Funes - Philip Morris, NY
Jim Paddock - Philip Morris, Dallas
Rafael Gutierrez - IPCC, Albuquerque

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