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HILL AND KNOWLTON

Hill and Knowlton, Inc.
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February 12, 1992

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Mr. Wes Lane
Director of Communications and Planning
Ontario Milk Marketing Board
6780 Campobello Road
Mississauga, Ontario L5N 2L8
Canada

Dear Mr. Lane:

This will serve as the agreement between Hill and Knowlton, Inc. ("H&K") and Ontario Milk Marketing Board ("Client") pursuant to which H&K will serve Client as public affairs counsel.

1. **As counsel, H&K will:**

   (a) Advise Client on public affairs aspects of Client's policies and problems;

   (b) Develop for Client's approval and implementation, a program designed to achieve Client's communications objectives;

   (c) Provide professional staff services as may be required to assist Client in the implementation of its program.

2. **Charges**

   Charges for the services of H&K will be made at H&K's standard hourly staff rates for participating executives and staff as the same are required to carry out the programs and activities approved by Client.

   (a) The charge for staff services to be provided as described in Paragraph 1 above are currently estimated at **$15,000 U.S. Dollars** plus reasonable out-of-pocket expenses.

   (b) In addition to staff time charges, Client will pay H&K the net cost of all materials, services and rights obtained by H&K from third party suppliers on Client's behalf, plus a **15%** handling and administration fee on all such disbursements. In obtaining such materials, services and rights, H&K will act as agent for Client as disclosed principal.

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(c) Client will reimburse H&K for the net cost of all routine out-of-pocket disbursements such as travel, local messengers, in-house photocopying and ordinary communications (telephone, telex and postage).

(d) In the rare event H&K may be called upon to respond to or assist Client in connection with litigation commenced or threatened against Client (for example, in responding to a document subpoena), it is understood that H&K will be entitled to staff time charges and reimbursement of expenses for services rendered to Client or time spent by H&K in connection with such matters. This provision shall survive the expiration or earlier termination of this agreement.

(e) From time to time, H&K may be called upon to render services that do not fall within the scope of this agreement, such as, in the case of a "crisis" or extraordinary situation requiring an unusual expenditure of time and/or effort by H&K personnel. If such a situation arises, a separate letter of agreement will be prepared and H&K, in conjunction with the Client, will take into consideration such extraordinary factors in determining the rates or fee to be charged.

(f) Client will reimburse H&K for staff time and expenses incurred in order to comply on Client's behalf with the Foreign Agents Registration Act. It is understood that pursuant to such Act, H&K may be making reports of its activities to appropriate U.S. government regulatory agencies and that such reports will be available to the public.

(g) Client shall be solely responsible for payment of any VAT taxes, excise taxes or other such withholdings or levies of any sort which might apply to the billings of H&K to the Client. H&K will be entitled to receive full payment, in currency of the United States and within the United States, of its invoices hereunder, without offset or withholding. Should this provision be subsequently determined to be unenforceable by law and a deduction or withholding found to be mandatory, H&K shall be entitled to retroactively adjust its billings to such a level whereby it will receive from Client an amount of net proceeds equivalent to its original gross billings.

3. Billing

(a) Upon signing this agreement Client shall pay to H&K an amount equal to fifty (50%) percent of the budgeted amount, or $7,500 U.S. Dollars.

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(b) The balance will be paid by Client to H&K by March 2, 1992. Invoices for excess staff time, purchased materials, services and rights, and reimbursement for routine disbursements, will be submitted at the conclusion of the project, and will be payable upon receipt. In the event payment is not made within thirty (30) days from receipt, H&K will be entitled to charge Client a late payment penalty of 1 1/2% per month on any overdue and unpaid balance. Client agrees to reimburse H&K for all expenses (including reasonable attorneys' fees and disbursements) incurred in the collection of any overdue and unpaid invoices.

4. Records

(a) H&K will maintain accurate records of all staff time work and out-of-pocket expenditures incurred on behalf of Client and, during the term of this agreement and for one year thereafter, Client may examine such records upon reasonable notice and during normal business hours. It is understood that the foregoing does not include H&K's salary data, overhead and other internal H&K costs or non-billable items.

(b) If requested, copies of supplier invoices and other back-up materials in support of H&K's out-of-pocket charges of $100 or more will be included with H&K's end-of-month invoices for an additional handling fee of $100 per month. Client shall give H&K's financial accounting department at least one full month's prior notice of desire to receive such supporting documentation.

5. Confidentiality

H&K acknowledges its responsibility, both during and after the term of its appointment, to use all reasonable efforts to preserve the confidentiality of any proprietary or confidential information or data developed by H&K on behalf of Client or disclosed by Client to H&K. Notwithstanding the above, H&K's obligation to maintain the confidentiality of any such information that it maintains in its possession or control, shall cease on the third anniversary of the termination of this agreement.

6. Indemnity

It is acknowledged that H&K cannot undertake to verify facts supplied to it by Client or factual matters included in material prepared by H&K and approved by Client. Accordingly, Client agrees to indemnify and hold harmless H&K



from and against any and all losses, claims, damages, expenses (including reasonable attorneys' fees and disbursements) or liabilities ("damages") which H&K may incur (i) as a result of any materials, releases, reports or information supplied to H&K by or on behalf of Client or prepared by H&K and approved by Client prior to its dissemination or broadcast; and (ii) except when attributable to H&K's failure to use due care, resulting from disputes between H&K and third parties related to and or within the scope of this agreement. Client shall similarly indemnify and hold H&K harmless in respect to any damages arising out of the nature or use of Client's products or services. This provision shall survive the expiration or earlier termination of this agreement.

7. Termination

H&K's appointment under this agreement shall be effective as of February 12, 1992 and continue thereafter until March 2, 1992 unless otherwise agreed to in writing between the parties.

Upon termination of this agreement, provided that there is no outstanding indebtedness then owing by Client to H&K, H&K shall transfer, assign and make available to Client all property and materials in its possession or control belonging to Client.

8. Governing Law

This agreement will be governed and construed in accordance with the laws of the State of New York for contracts made and to be performed entirely in New York.

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If you are in agreement with the above, would you kindly sign both copies of this letter in the space provided for that purpose below and return one copy to Hill and Knowlton for our records.

Sincerely yours,

HILL AND KNOWLTON, INC.

Lauri J. Fitz-Pegado

Lauri Fitz-Pegado

Date: Feb 12, 1992

AGREED:

Ontario Milk Marketing Board

By: K Smith

Title: General Manager

Date: Feb 21/92

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