

Furnish this exhibit for EACH foreign principal listed in an initial statement
and for EACH additional foreign principal acquired subsequently.

1. Name and address of registrant Hill & Knowlton, Inc. 1201 Pennsylvania Ave. NW Suite 700 Washington, D.C. 20004		2. Registration No. 3301 2740
3. Name of foreign principal Royal Ordnance, USA	4. Principal address of foreign principal Royal Ordnance Suite 300 - 1033 N. Fairfax St Alexandria, VA 22314	

5. Indicate whether your foreign principal is one of the following type:

- Foreign government
- Foreign political party
- Foreign or domestic organization: If either, check one of the following:
 - Partnership
 - Corporation
 - Association
 - Individual—State his nationality _____
 - Committee
 - Voluntary group
 - Other (specify) _____

6. If the foreign principal is a foreign government, state:

- a) Branch or agency represented by the registrant.
- b) Name and title of official with whom registrant deals.

7. If the foreign principal is a foreign political party, state:

- a) Principal address
- b) Name and title of official with whom the registrant deals.
- c) Principal aim

8. If the foreign principal is not a foreign government or a foreign political party,

- a) State the nature of the business or activity of this foreign principal
Sells components to US corporations and competes for DOD contracts.

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b) Is this foreign principal


- Owned by a foreign government, foreign political party, or other foreign principal Yes No
- Directed by a foreign government, foreign political party, or other foreign principal..... Yes No
- Controlled by a foreign government, foreign political party, or other foreign principal Yes No
- Financed by a foreign government, foreign political party, or other foreign principal..... Yes No
- Subsidized in whole by a foreign government, foreign political party, or other foreign principal..... Yes No
- Subsidized in part by a foreign government, foreign political party, or other foreign principal..... Yes No

9. Explain fully all items answered "Yes" in Item 8(b). (If additional space is needed, a full insert page may be used.)

The Royal Ordnance USA, is controlled and directed by Royal Ordnance plc in the United Kingdom.

Royal Ordnance, formerly owned by the ministry of Great Britain, has been privatized by the Thatcher government and is expected to issue shares ^{and} a new publicly-owned company sometime this summer. Once this flotation of shares is accomplished, Royal Ordnance plc and Royal Ordnance USA will be a publicly-owned company with shares traded on the London stock exchange.

10. If the foreign principal is an organization and is not owned or controlled by a foreign government, foreign political party or other foreign principal, state who owns and controls it.

Date of Exhibit A May 20, 1986	Name and Title Joel Salman. Asst. Controller	Signature 
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Date

INSTRUCTIONS: A registrant must furnish as an Exhibit B copies of each written agreement and the terms and conditions of each oral agreement with his foreign principal, including all modifications of such agreements; or, where no contract exists, a full statement of all the circumstances, by reason of which the registrant is acting as an agent of a foreign principal. This form shall be filed in duplicate for each foreign principal named in the registration statement and must be signed by or on behalf of the registrant.

Name of Registrant Hill & Knowlton, Inc.	Name of Foreign Principal Royal Ordnance, USA
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Check Appropriate Boxes:

- The agreement between the registrant and the above-named foreign principal is a formal written contract. If this box is checked, attach two copies of the contract to this exhibit.
- There is no formal written contract between the registrant and foreign principal. The agreement with the above-named foreign principal has resulted from an exchange of correspondence. If this box is checked, attach two copies of all pertinent correspondence, including a copy of any initial proposal which has been adopted by reference in such correspondence.
- The agreement or understanding between the registrant and foreign principal is the result of neither a formal written contract nor an exchange of correspondence between the parties. If this box is checked, give a complete description below of the terms and conditions of the oral agreement or understanding, its duration, the fees and the expenses, if any, to be received.
- Describe fully the nature and method of performance of the above indicated agreement or understanding.

Monthly billing for approved projects stated in the attached contracts.

Formerly OBD-65

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5. Describe fully the activities the registrant engages in or proposes to engage in on behalf of the above foreign principal.

Contract 1 (Public Relations)

- a) Advise the management of Royal Ordnance on public relations and legislative aspects of Royal Ordnance's policies and problems.
- b) Develop for approval and implementation a program designed to achieve Royal Ordnance's communications objectives.
- c) Provide professional staff services as may be required to help Royal Ordnance carry out it's program.

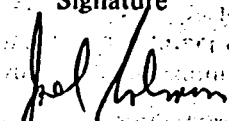
Contract 2 (Advertising)

Will research, create and place advertising for Royal Ordnance.

6. Will the activities on behalf of the above foreign principal include political activities as defined in Section 1(o) of the Act?¹
Yes No

If yes, describe all such political activities indicating, among other things, the relations, interests or policies to be influenced together with the means to be employed to achieve this purpose.

Use of Advertising and direct contact.

Date of Exhibit B	Name and Title	Signature
May 20, 1986	Joel Salman, Asst. Controller	

¹ Political activity as defined in Section 1(o) of the Act means the dissemination of political propaganda and any other activity which the person engaging therein believes will, or which he intends to, prevail upon, indoctrinate, convert, induce, persuade, or in any other way influence any agency or official of the Government of the United States or any section of the public within the United States with reference to formulating, adopting, or changing the domestic or foreign policies of the United States or with reference to the political or public interests, policies, or relations of a government of a foreign country or a foreign political party.

Bob John Robison
Executive Vice President
Managing Director

December 18, 1985

Mr. Colin J. McKie
Royal Ordnance, Inc.
1033 N. Fairfax Street
Suite 300
Alexandria, Virginia 22314

Dear Mr. McKie:

This is to summarize the arrangement under which Hill and Knowlton, Inc. will serve Royal Ordnance as public relations counsel.

As Counsel, Hill and Knowlton, Inc., will:

- (a) Advise the management of Royal Ordnance on public relations and legislative aspects of Royal Ordnance's policies and problems.
- (b) Develop for approval and implementation, a program designed to achieve Royal Ordnance's communications objectives.
- (c) Provide professional staff services as may be required to help Royal Ordnance carry out its program.

The financial arrangements will be as follows:

Charges for the services of Hill and Knowlton, Inc. will be made at standard hourly rates for participating officers and staff assistants as they are required to carry out the programs and activities approved. Royal Ordnance will pay Hill and Knowlton, Inc. a minimum of \$10,000, in advance, for services rendered under this agreement. Any staff time charges incurred in any month for the Royal Ordnance account will be applied against this amount, and any staff time charges incurred above this amount will be billed at the regular rates.

Royal Ordnance will reimburse Hill and Knowlton, Inc. for all out-of-pocket disbursements made in the performance of its duties under this arrangement and will pay Hill and Knowlton, Inc. a 2 1/2% handling and administration fee on all such disbursements.

The total budget for this calendar year will be \$120,000. The budget is apportioned \$100,000 for staff time and \$20,000 for expenses. Any assignments which may exceed this amount will need prior approval by Royal Ordnance.

Invoices for the monthly minimum, actual staff time, and out-of-pocket expenses and handling fees will be submitted with specified due dates, and Royal Ordnance will pay each invoice on or before its due date. Royal Ordnance agrees to reimburse Hill and Knowlton, Inc. for all expenses (including reasonable attorneys' fees) incurred in the collection of any overdue and unpaid balance.

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 COMMUNICATIONS SECTION

Hill and Knowlton, Inc. will maintain accurate records of all staff time work and all out-of-pocket expenditures incurred in behalf of Royal Ordnance and will be prepared to supply any supporting detail required by Royal Ordnance's independent auditors. Authorization for projects and operating activities will be obtained in advance before commitments are made.


It is understood that Hill and Knowlton, Inc. cannot undertake to verify facts supplied to it by you or factual matters included in material prepared by us and approved by you. You agree to indemnify and hold harmless Hill and Knowlton, Inc. from and against any and all losses, claims, damages, expenses (including reasonable legal expenses) or liabilities which Hill and Knowlton, Inc. may incur (a) based upon information, representations, reports, data or releases furnished or approved by you or your representatives for use or release by Hill and Knowlton, Inc. whether or not Hill and Knowlton, Inc. prepares or participates in the preparation of such material, and (b) resulting from any and all actions performed by Hill and Knowlton, Inc. and/or its agents at the request of Royal Ordnance and/or within the scope of this agreement except for losses, claims, damages, expenses (including reasonable legal expenses) or liabilities attributable to Hill and Knowlton, Inc.'s negligence or willful misconduct. You also agree to reimburse Hill and Knowlton, Inc. for expenses (including legal expenses) reasonably incurred by us in connection with any litigation commenced or threatened against you which involves us as public relations counsel.

Any failure by either party to exercise any rights contained in this agreement upon the occurrence of any event or contingency set forth herein will not constitute a waiver of such rights upon the reoccurrence of such event or contingency.

This arrangement is to extend from January 1, 1986 to December 31, 1986, with an automatic renewal thereafter unless either party gives 60 days' advance notice of its desire to terminate or modify the agreement.

Sincerely yours,

HILL AND KNOWLTON, INC.



Bob John Robison

18 Dec. 1985
Date

Accepted by :

(Firm)

Signature of client/Date