

What's Up?

It seems everyone in the licensing industry is writing a newsletter. We get a lot. Most are well put together, and all are selling something. After thinking about it for a while, we thought, "What better way to let the industry know what our clients are up to than to publish our own newsletter?" After all, we are consultants to some of the best manufacturers in the industry, and we are thrilled to be part of the marketing teams of these companies.

Our goal is to simply convey what is going on in our part of the world, and communicate the pride we share with our clients in their various licensing activities.

This will be the first of a series of informative newsletters. We want to keep it fun, professional, and try to pass on a little information that will be helpful, too.

This may be a good spot to put together a Dennis Miller type "rant" on the various aspects of the business that we can poke fun at. If I can figure out a way to do this without burning too many bridges, I may, but for today, it is best to just try to position the newsletter as a continued effort of the Building Q team to do things a little differently.

Our newsletter, "Spirit of the Deal" bears the same title as the book we published last year. The book got positive reaction, as we hope this will. The plan is to expand upon some of the thoughts from the book here in the newsletter.

Let us know what you think!

Looney

Modern Publishing On Target With TELETUBBIES Release

MODERN PUBLISHING, a "charter" Building Q client has been appointed by the itsy bitsy entertainment company as one of the premier Teletubbies licensees. A leader in the coloring, activity and workbook categories, MODERN is known for creative formats, great retail relationships and a keen ability to develop long - term licensor relationships.

Ed Lenk, Executive Vice President at Modern is thrilled with "building" the relationship with itsy bitsy entertainment company, saying "Kenn's company is focused on the preschool market segment, a core demographic in our category."



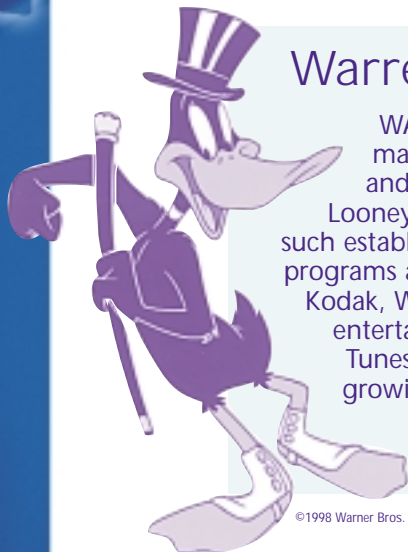
©1998 Ragdoll Productions (UK) Ltd.

With the recent debut of Teletubbies, Modern is on target with the itsy bitsy plan to have product hit the retail shelves in the fourth quarter.

Warren Industries Gets Looney

WARREN INDUSTRIES, a mass marketer of games and puzzles, is now a Looney Tunes licensee. With such established programs as Lego, Coke, and Kodak, WARREN will add the entertaining and fun Looney Tunes characters to its growing juvenile puzzle program.

Barrie Simpson, President of WARREN, is more than enthusiastic about the new partnership with the Warner Brothers' Consumer Products group, "Quality licensors truly make the difference, and the news was even sweeter when we were told that we were chosen based on our strong marketing program. Coming from a great marketing company like WBCP, that is a real compliment."



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Hold The Phone

Most of us will spend two years of our lives on the telephone. They are not likely to be the best two years. Your phone rings. You pick it up, say "hello," and a gruff voice barks, "who's this?" You place a call. Someone on the other end of the line answers, "one moment please" — and you sit there three minutes before anything else happens. You try to call Jones. His office asks, "May I tell him who's calling?" before they'll admit he's in. Another irritant: "What is this in reference to?" You might break *that* logjam by saying it's about his wife's gambling debts. Maybe the all-time crusher, is when you answer your phone to be told Mr. Smith is calling and will be right with you. Then you sit there, seething for another three minutes before Smith comes on. The telephone is one of life's miracles. With a little thoughtfulness, we could make it one of life's blessings. Worth trying isn't it?

This is a reprint of an ad published in the *Wall Street Journal* by United Technologies Corporation, Hartford, Connecticut 06101

NEW Business

New business is always exciting. Additions to the client roster for 1998 are ROMTECH, FRANKFORD CANDY AND CHOCOLATE COMPANY, CREATIVE ZONE AND GEMMY INDUSTRIES.

ROMTECH, makers of CD games, has realized that the power of licensing can propel growth. The current success of their proprietary line of family games and strong retail distribution make them a licensee to watch.

FRANKFORD CANDY AND CHOCOLATE COMPANY is also relatively new to the licensing world, and has developed a new category for the company's initial foray into the licensing business. Although the tin business in the gift market has been around for some time, Frankford Candy is the first with mass retail distribution know-how to go after it.

CREATIVE ZONE comes to Building Q with a solid licensing pedigree, currently working with Nickelodeon, Warner Brothers, NBA among others. The new business plan calls for a focus on the room decor category - in addition to opportunistic novelty product, led by their acquisition of the popular "Dancing Baby" license for toy novelties.

GEMMY INDUSTRIES a leader in seasonal animatronics - creator of the Talking Christmas Tree, is taking an aggressive approach to the licensing business. With the objective to expand into everyday animatronics the company secured the South Park license, and with great trade support, will ship in '98.



Client News & Previews

APPAREL, FOOTWEAR AND ACCESSORIES

BRIEFLY STATED The leader in the manufacturing and marketing of fashion boxer shorts, sleepwear, loungewear and neckwear for men and boys in all fabrications. Scooby Doo continues to lead the category at retail. Hot product launches include Godzilla, Crayola, Hasbro (Mr. Potato Head, Tonka, Games), Casper, Curious George and more! Continuing favorites include Superman, Colleges and private label with Eddie Bauer, Disney Stores and Warner Brothers Stores.

BUY RITE Novelty Jewelry & Accessories targeted to a teen and pre-teen audience. Product line includes key chains, necklaces, rings and pins. Launching complete Teen and All About You jewelry lines as well as keychains and accessories for Duncan Yo-Yo.

GIANT MERCHANDISE The dominant maker of imprinted wearables (T-shirts and fleece) in terms of innovation, creativity, quality product and smart distribution strategies. Giant is simply the best in both building and maintaining property growth. Impressive 1998 line-up includes Small Soldiers, Rugrats, Godzilla, Animorphs and Arthur in addition to on-going Looney Tunes franchise.

VIDA SHOES A full-service footwear company with multi-tiered distribution and capabilities in Men's, Women's and Children's segments. Esprit Kids and Dr. Seuss continue to perform, and look for the launch of Carter's Footwear!

ELECTRONICS AND SOFTWARE

POLYCONCEPT USA An industry leader in the manufacturing of consumer electronics, novelty audio and telephones, lighters, CD and multimedia storage and gift products. Well known for their innovative designs, high quality products and excellent worldwide distribution. Licenses include Pepsi, Volkswagen, Chevrolet, and Crayola Children's Electronics.

ROMTECH A top manufacturer in the computer games market, producing and marketing under the Galaxy of Games, Game Master Series, and Galaxy of Action brands. Strategy games, card games, word games, and casino games have been their strength. In 1999, Romtech will look to expand their software lines via licensing programs.

FOOD

FRANKFORD CANDY & CHOCOLATE COMPANY A manufacturer of candy, with tremendous mass distribution looking to acquire licenses for their line of food filled tins. Capabilities include the sourcing of any food item to compliment the license featured on the tin. Strong production capabilities include the manufacturing of custom made shapes. Currently launching Peter Pan Peanut Butter Cups.

FINANCIAL SERVICES

MBNA The leading issuer of co-branded and affinity credit cards, MBNA is looking for licensing partnerships with established mailing lists and well defined enhancements.

PUBLISHING

MODERN PUBLISHING A leading player in children's Coloring & Activity Books, Story, Puzzles Books, and Work Books featuring the Fisher Price brand, Hot Wheels, Barbie, Classic Disney titles, Cabbage Patch Kids and new for '98 Teletubbies will ship this Fourth quarter.

SOCIAL EXPRESSION/SEASONAL/NOVELTIES

CLASSIC BALLOONS A leading manufacturer of mylar balloons that views its product line as a greeting card with air. New for 1998-99 is Little Bear. Looking to expand their line-up of proven winners such as the NFL/Superbowl, MLB/World Series, Boynton, Suzy's Zoo and Bozo.

GEMMY INDUSTRIES One of the country's market leaders of seasonal animation products, with a very successful track record. Offers high value items at affordable prices and seeks licensing opportunities to build upon. Gemmy has a history of innovation and is the creator of the 1997 hit item the "Talking Christmas Tree" and for 1998 is introducing Frosty the Snowman, Rudolph the Red Nosed Reindeer, and Peanuts and South Park animatronics!

CREATIVE ZONE Designs, develops and manufactures a wide variety of children's room decor/housewares, lunch bags, and toy related products. Strengths are its design and product development and sourcing capabilities, and the high quality of its products. Look for lines featuring the popular Dancing Baby in 1998 to compliment licensed products of Rugrats, NBA, and Spiderman.

TOYS AND GAMES

PASTIME A manufacturer of outstanding craft and activity kits. In business for over 27 years, Pastime is known for their manufacturing, marketing and distribution of high quality products that appeal to both the retail trade and consumer alike. Pastime has introduced two lines of licensed product - Sabrina and Cabbage Patch Kids.

S.R.M. A market leader in voice powered toys, table-top arcade games and battery-operated guns. In business since 1980, with manufacturing based in the Orient SRM distributes worldwide. Current licenses include Lost World: Jurassic Park, Small Soldiers, and Godzilla.

WARREN INDUSTRIES Warren is a market leader of jigsaw puzzles, board games, card games and flash cards. Warren has a proven track record of manufacturing, marketing and distributing high quality, innovative products. Current licenses include Lego, Kodak, Anastasia, Sesame Street, Power Rangers, and Looney Tunes.

PDQ NEWS

In response to the growing demand for assistance with product development, Product Development Q was founded in late 1995. PDQ can solve a single design or engineering problem, or coordinate an entire team development effort from concept to sourcing for production.

Developing News..

Minnetonka Brands' Foamy Friends are taking off. According to President and CEO, Larry Wilhelm, "This was a very successful cooperative development program for us. PDQ brought the resources and experience to get us to the marketplace quickly and profitably." Foamy Friends hits the market in June, followed by the licensed Looney Tunes and Sesame Street versions later in the year.



PDQ has become the development arm for Rand International Bicycles. In addition to development projects on Sesame Street and Barbie bike accessories, PDQ is fast tracking the Small Soldiers Spoke Climbers - new product that PDQ helped create. Look for them in stores to coincide with this blockbuster movie's summer release.

PDQ is guiding the Hope Talking Barbie Watch through the electronic voice chip development from recording and approvals to sourcing chips through production. Star Wars Episode I watches are next.

PDQ is also working with several independent design groups, preparing their product concepts for presentation to corporate manufacturers.

For more information on PDQ services and capabilities call Lee Volpe, President at 609-424-0605.

Licensing's Little Instruction Book

Last year at the Licensing Show we distributed copies of our first official publication, "The Spirit Of The Deal." The book featured, what we think, are simple ideas that make a lot of sense and if followed, make everyone's jobs easier and more enjoyable. A lot of you thought so too and the response has been overwhelming, with many sending us comments and original ideas. Who knows, someday soon there may be a sequel?! In the meantime, if you would like additional copies, please send us a check for **\$4.50** per copy (volume discounts are also available.)



Recognizing A Giant In Merchandising

Giant has truly become one of the top apparel companies on every licensor's wish list. Great design and distribution are their hallmarks. With successful programs in place with Rugrats, Godzilla and Arthur, Giant Merchandise is looking for continued success in 1999.

The company has its roots in the music business, and maintains a core of the hottest rock and roll

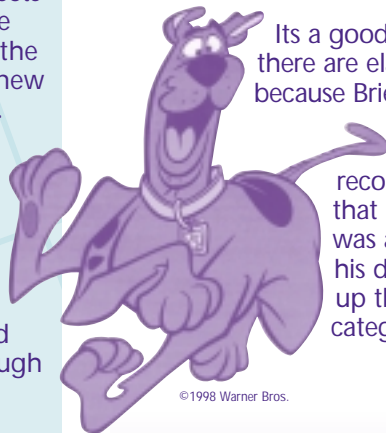


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names. Giant has developed specialty, mass and mid-tier distribution capabilities that maximize the opportunity for licensed success. The latest addition to their roster of properties comes through the expansion of their strong relationship with Nickelodeon - following up on the success of Rugrats they will be introducing Blue's Clues.



Briefly Stated - Quality Fits



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Its a good thing that there are elastic waistbands because Briefly Stated is growing fast! Briefly Stated recognized early on that Scooby Doo was about to have his day and scooped up their core categories: boxers,

ties and sleepwear for both men's and boys. "The numbers are phenomenal and we often have the best selling product within the department," according to Brad Egna, Briefly Stated's president. Building their program one property at a time, Briefly Stated is following up their great performance with Star Wars in '97 with a '98 lineup of Godzilla, Crayola, Hasbro Brands, and Rugrats.

Building Q is a marketing consulting company specializing in licensing. We provide a range of services designed to guide manufacturers through the development of profitable licensing programs

Building Q is a facilitator in the development of strong licensee/licensor relationships. We provide licensors with a comfort that our clients know the drill and are prepared to work toward the common goal - success of the given property. Our clients understand that the long term equity that we bring to most relationships is built on quality, truthfulness, and the trust that the recommended licensing programs make good sense for their core business.

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