

PHILIP MORRIS USA

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FROM: Norma Suter

SUBJECT: Q&A for Recruiting

Attached please find answers for commonly asked questions to help us in the recruiting process.

Please note: these documents are confidential and as such are not to leave the building or be given to non-PM personnel.

Take a look through and call me on x2153 with any questions.

Thanks!

NS/ajw

MBA RECRUITING TALKING POINTS/Q&A

Talking Points

1. Philip Morris Companies is universally recognized as one of the pre-eminent marketing companies in the world. Philip Morris U.S.A. is the domestic tobacco industry leader, with overall share totaling almost half of the U.S. cigarette market.
2. PM is a great company to work for. External adversity, far from demoralizing us, has forged a strong and vibrant team spirit at all levels. Morale is very high.
3. Opponents of tobacco have been predicting the industry's downfall for decades, but our financial numbers tell the real story. The company is consistently profitable.
4. Our goal is to increase market share, domestically and worldwide, among adults who choose to smoke. There is particular opportunity for growth internationally, since PM brands currently comprise a relatively small percentage of the world cigarette market.
5. PM USA actively seeks to prevent youth access to cigarettes and discourage smoking by minors; at the same time the company vigorously defends its right to market cigarettes to adults who have made the informed choice to smoke.

Questions and Answers

- Q. Is it difficult to work for a company that makes a product associated with health risks?
- A. Every individual has to decide for him or herself whether or not they are comfortable working for a tobacco company. If you're not comfortable with it, you shouldn't do it. But PM USA is a great company to work for. It has terrific people and offers the potential for an extremely rewarding career. If you're comfortable working for a tobacco company, this is a tremendous opportunity.

- Q. Do people give you a hard time socially for working for a tobacco company?
- A. Serious criticism is rare. Most people understand PM USA is a fantastic company to work for. It is consistently profitable and offers the opportunity for a great career.
- Q. Is there a lot of turnover because of the difficult external issues your company faces?
- A. No. People lucky enough to get hired by PM USA usually stay a long time.
- Q. You talk about marketing to adults who choose to smoke, how do you avoid marketing to youth?
- A. A number of ways. We stay away from advertising media that are predominantly or exclusively for young people. We use adults age 25 or older and adult situations in our ads. But to quote PM USA's president, Jim Morgan, we believe that "the best way to keep kids away from cigarettes is to keep cigarettes away from kids." Our youth initiatives are meant to deny minors access to cigarettes at retail. We have a detailed proactive program called Action Against Access that is designed to create a marketplace where all cigarette purchases are face-to-face encounters where ID can be checked.
- Q. Do you not want kids to smoke because of the health risks of smoking?
- A. We acknowledge that there are certain risks associated with smoking and therefore choosing to smoke is an adult decision; like many other things in life.
- Q. Do most people at PM smoke? Do they make you smoke?
- A. The workforce at PM reflects the general public. About one in three or four of our employees smokes. No one is forced or encouraged to smoke in any way. Both smokers and non-smokers are accommodated in our workplace.
- Q. Do you believe FDA will have jurisdiction over tobacco?
- A. The FDA's attempt to exert regulatory authority over tobacco is both illegal and without precedent. Which doesn't mean they won't get it. But it will be fought every step of the way -- and not just by the tobacco industry. The Agency's ambitions are very vulnerable to both court challenges and Congressional action.

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- Q. What is the future job security of working for your company if there are going to be more and more restrictions placed upon the way you market your product?
- A. Philip Morris has always adapted and gone on to do even better than it did before.
- Q. How do you respond to questions about smoking and health? Does the company really believe nicotine and smoking is not addictive?
- A. We respond by saying that the alleged health implications of smoking are well known -- there have been warning labels on cigarettes since before most of you were born. Nevertheless, 45 million Americans still make the informed choice to smoke. .
- And yes, we do believe nicotine and smoking is not addictive. More than 40 million people have quit smoking, so how can it be addictive? Of course, if you're using the word "addictive" in the sense that chocolate or television or exercise is "addictive," then very many products and activities would meet that definition.
- Q. With smoking being banned everywhere, are fewer people smoking? How do you market to a shrinking consumer base?
- A. Smoking is not banned everywhere. There will always be a certain percentage of the adult population that chooses to smoke. We will continue to compete aggressively for that market. Also, Philip Morris brands account for a relatively small percentage of the cigarette market worldwide, giving us plenty of opportunity for growth overseas.
- Q. What do you think of Joe Camel? Isn't RJR's use of this cartoon character a major thorn in your industry's side and the cause of most of your problems?
- A. We don't comment on our competitor's campaigns. However, I will say that if the anti-smoking movement didn't have Joe Camel to pick on, they would find something else to attack.

- Q. The federal government in the form of the EPA has said that second-hand tobacco smoke is dangerous to non-smokers. How do you respond to that?
- A. PM USA and others in the tobacco industry are currently suing the EPA in federal court, charging that the risk assessment the agency conducted on environmental tobacco smoke was politically motivated and grossly scientifically flawed; it's real purpose was propaganda, not the advancement of science.

The EPA has twice moved to have the case dismissed because they are not eager to have their flawed science examined by an impartial court of law. Both times the court denied the EPA's request and said the case will proceed. We're still awaiting the outcome.

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