

**PHILIP MORRIS MANAGEMENT CORPORATION**                      **MEMORANDUM**  
1341 G STREET NW, SUITE 900, WASHINGTON, DC 20005

TO:            STEVE PARRISH

FR:            HOWARD LIEBENGOOD, JOHN SCRUGGS & TIM SCULLY

RE:            LABOR MANAGEMENT COMMITTEE

DATE:         JANUARY 5, 1999

Below please find suggested talking points for discussion of a Tobacco Labor-Management Committee:

- With TI's dissolution, there is a need to restructure the Tobacco Industry Labor Management Committee.
- At this time, there is no commitment, beyond PM's, to operate an industry-wide committee
- PM has no objections to and would encourage participation of other industry members in a joint committee with the Bakery, Confectioners, and Tobacco Workers and the International Association of Machinists.
- PM is willing to undertake efforts to operate a joint committee with its unions, by itself, if necessary. Such an effort would have to be economically feasible as, well as, structured properly to meet all necessary legal requirements (Labor law, as well as, any requirements of the MSA).
- If our unions desire to continue to utilize a joint committee, Parrish would assemble an internal working group to work with representatives of the Machinists and the BCT to make the following recommendations:
  - Structure and Membership - a new committee would be contingent on legal requirements and participation of interested companies and unions.
  - Charter - the working group would propose to senior management of interested companies and unions a working charter for a joint committee
  - Dues, Budget, Personnel - the working group would assemble the appropriate budget, dues structure, and personnel to conduct the activities of the joint committee.
- We should seek the unions' assistance in reaching out to other companies and unions to join a restructured joint committee to best represent the interests of participating companies and company employees' representatives.
- A new joint committee could only be restructured in light of the changes brought to the industry by the Master Settlement Agreement and changed political landscape and culture. This will require a more modest budget and structure than presently enjoyed.

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We would propose that Walter Woodson play a significant role either as a representative of a broad-based company membership or PM alone in the restructure and management of the committee. Each union would need to appoint its own representative to assist in the operations of the committee.

If this initial concept is acceptable to the BCT and Machinists, we should ask each to have their representative contact John Scruggs (202.637.1500) to begin the discussions to bring a new structure into existence.

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