

**CONFIDENTIAL:
MINNESOTA TOBACCO LITIGATION**

**COMMENTS
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Public Affairs Division**

**Board of Directors
The Tobacco Institute**

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TIMN 0014369

CONFIDENTIAL:
MINNESOTA TOBACCO LITIGATION

THIS PAST YEAR ... THE PUBLIC AFFAIRS DIVISION WORKED HARD TO DEMONSTRATE ... TO THE PUBLIC AND TO KEY DECISION MAKERS ... THAT EXCISE TAXES ARE REGRESSIVE ... THAT AD BANS ARE UNCONSTITUTIONAL ... THAT THE TOBACCO INDUSTRY IS CONCERNED ABOUT ACCIDENTAL FIRES ... AND THAT ENVIRONMENTAL TOBACCO SMOKE IS BUT ONE SMALL COMPONENT OF INDOOR AIR QUALITY.

FOR 1988, WE WILL CONTINUE TO PUSH THESE IMPORTANT MESSAGES ... EXPANDING ON OUR PUBLIC COMMUNICATION EFFORTS AND PREPARING THE AMMUNITION NEEDED TO RESPOND TO ANTICIPATED SHIFTS IN THE ANTI-SMOKERS' STRATEGIES.

WE WILL CONTINUE ... AND EXPAND ... OUR EFFORTS TO RAISE THE VISIBILITY OF OUR PROGRAMS THROUGH MEDIA TOURS -- AS MANY AS TEN PER MONTH -- AS WELL AS WITH INCREASED USE OF VIDEOS AND TARGETED ADVERTISING.

WE WILL MOVE AHEAD WITH OUR
SUCCESSFUL COALITION BUILDING
EFFORTS.

THIS MORNING ... I WOULD LIKE
TO SHARE WITH YOU SOME OF THE
HIGHLIGHTS OF OUR DIVISION'S
154 PAGE OPERATING PLAN FOR
1988.

(pause)

THE TAX ISSUE WILL, OF COURSE,
REMAIN A PRIORITY IN 1988.

WE WILL CONTINUE TO SUPPORT OUR FEDERAL LEGISLATIVE EFFORT THROUGH THIRD PARTY COMMUNICATIONS, AND WITH THE USE OF VIDEOS AND TARGETED ADVERTISING.

AT THE SAME TIME, WE WILL MOVE OUR COALITION EFFORTS TO THE STATE LEVEL. WE HAVE ASKED FOR FUNDING TO EXPLORE ESTABLISHMENT OF ORGANIZATIONS SUCH AS CART AND CITIZENS FOR TAX JUSTICE IN STATES IDENTIFIED AS PRIORITIES BY THE STATE ACTIVITIES DIVISION.

WE WILL EXPAND THE ACTIVITIES
OF OUR NETWORK OF ECONOMISTS IN
THOSE STATES, TO INCLUDE
ADDITIONAL OP-ED PIECES,
EDITORIAL BRIEFINGS AND
ACADEMIC CONFERENCES IN
TARGETED STATES.

WE EXPECT THAT ANTI-SMOKERS
WILL TAKE ANOTHER RUN AT
ELIMINATING THE FAVORABLE PRICE
STRUCTURE CIGARETTES ENJOY IN
MILITARY COMMISSARIES.

THEREFORE ... WE WILL LAUNCH A
MEDIA TOUR BY A MILITARY
SPOKESPERSON ... TO BRING HOME
THE MESSAGE THAT EFFORTS TO
CHANGE THE PRICE STRUCTURE OF
CIGARETTES AT MILITARY
COMMISSARIES REMOVES A BENEFIT
FOR THE SERVICEMAN.

(pause)

JUST AS EXCISE TAXES REMAINS
OUR MOST IMMEDIATE PRIORITY ...
THE PUBLIC SMOKING/INDOOR AIR
QUALITY ISSUE IS OUR TOP LONG
RANGE CHALLENGE.

THIS YEAR WE WERE SUCCESSFUL IN
BROADENING THE ISSUE TO OVERALL
INDOOR AIR QUALITY BEFORE
CERTAIN AUDIENCES ... MOST
NOTABLY LABOR. WE WILL
CONTINUE TO EXPAND THOSE
EFFORTS IN 1988 ... THROUGH
SUPPORT OF THIRD PARTY
ORGANIZATIONS SUCH AS THE
NATIONAL ENERGY MANAGEMENT
INSTITUTE.

WE ARE INCREASING THE NUMBER OF MEDIA TOURS EACH MONTH TO INCLUDE ADDITIONAL TOURS BY VENTILATION CONSULTANT GRAY ROBERTSON, TWO BY TRUTH SQUAD SCIENTISTS, TWO BY LEGAL CONSULTANTS AND TWO BY SCIENTIFIC CONSULTANT ALAN KATZENSTEIN.

WE HAVE JUST FINISHED TESTING ADS WHICH WE PLAN TO DISCUSS AT THE JANUARY MEETING OF THE EXECUTIVE COMMITTEE.

WE ALSO WILL EXPAND OUR EFFORTS TO REACH COMPANIES THAT MIGHT BE CONSIDERING SMOKING RESTRICTIONS ... TO 50,000 PER QUARTER.

IN THE FIRST QUARTER ... WE WILL LAUNCH A NEW OUTREACH PROGRAM FOR THE HOSPITALITY INDUSTRY ... TO DEMONSTRATE TO RESTAURATEURS AND HOTEL AND MOTEL OPERATORS THAT SMOKERS ARE A SIGNIFICANT PORTION OF THEIR CLIENTELE WHO WILL GO OUT OF THEIR WAY TO PATRONIZE BUSINESSES THAT MAKE THEM FEEL WELCOME.

WITH CERTAIN SEGMENTS OF LABOR STRONGLY BEHIND US ON INDOOR AIR QUALITY ISSUES ... WE WILL EXPAND OUR PROGRAM TO MORE UNIONS IN 1988. ALREADY PLANNED ARE BRIEFINGS FOR OFFICERS OF STATE FEDERATIONS OF LABOR.

WHERE APPROPRIATE, WE WILL LEND SUPPORT TO INDOOR AIR QUALITY CONFERENCES IN SELECTED REGIONS.

(pause)

IF 1987 SAW THE DEATH OF THE AD BAN ISSUE ... WE BELIEVE 1988 WILL SEE THE BEGINNINGS OF SERIOUS EFFORTS TO RESTRICT TOBACCO ADVERTISING WITH PROPOSALS TO REQUIRE COUNTER ADVERTISING ... TO RESTRICT PROMOTION ... OR TO DENY DEDUCTIBILITY OF AD EXPENSES.

WE WILL MAKE USE OF A NEW ADVERTISING VIDEO AND MATERIALS DEVELOPED FOR THE FREEDOM TO ADVERTISE COALITION IN MEDIA TOURS AND EDITORIAL VISITS IN HOMETOWNS OF KEY MEMBERS OF CONGRESS.

THIS WAS THE YEAR THAT MEMBERS OF CONGRESS TRULY ADOPTED OUR SUCCESSFUL "HELPING YOUTH DECIDE" MATERIALS PUBLISHED IN CONJUNCTION WITH THE NATIONAL ASSOCIATION OF STATE BOARDS OF EDUCATION.

NEXT YEAR'S PLAN CALLS FOR CONTINUATION OF THIS SUCCESSFUL ALLIANCE ... WITH 20 MORE LOCAL PROGRAMS SCHEDULED.

(pause)

THE SEVERAL YEARS OF RELATIVE PEACE WE'VE ENJOYED ON THE "FIRE-SAFE" CIGARETTE ISSUE MAY BE COMING TO AN END.

WE WILL PROPOSE TO CONTINUE AND EXPAND OUR SUCCESSFUL STRATEGY OF SUPPORTING EFFORTS BY THE FIRE COMMUNITY TO DEAL WITH THE OVERALL FIRE PROBLEM THROUGH COMPREHENSIVE FIRE SAFETY EDUCATION PROGRAMS.

(pause)

OUR COALITION STRATEGY CALLS FOR INCREASED FOCUS ON RELATIONS WITH ALL SEGMENTS OF THE TOBACCO FAMILY -- INCLUDING GROWERS, DISTRIBUTORS AND SUPPLIERS ... AS WELL AS KEY WHOLESALE AND RETAIL GROUPS. WE WILL FOCUS ADDITIONAL EFFORTS ON KEY MINORITY AND WOMEN'S GROUPS THAT HAVE INDICATED AN INTEREST IN THE PAST IN WORKING WITH US ON SPECIFIC ISSUES.

IN ADDITION ... WE WILL
CONTINUE OUR EFFORTS TO EXPAND
OUR RELATIONSHIPS WITH
ORGANIZED LABOR TO INCLUDE
AFL-CIO TRADE GROUPS
REPRESENTING WOMEN, BLACK AND
HISPANIC TRADE UNIONISTS.

WE ALSO HAVE BUDGETED -- AT
STATE ACTIVITIES REQUEST -- FOR
LOCAL LABOR COUNSEL IN KEY
STATES TO ASSIST US IN TAKING
OUR SUCCESSFUL FEDERAL LABOR
PROGRAM INTO THE REGIONS WHERE
IT IS MOST NEEDED.

(pause)

IN MEDIA RELATIONS ... WE WILL
EXPAND OUR EFFORTS TO PRE-EMPT
OR COUNTERACT ANTI-SMOKING
PRESS ANNOUNCEMENTS THROUGH
INCREASED USE OF RADIO AND
TELEVISION SATELLITE
PACKAGES ... DISTRIBUTION OF
PRINT MATERIALS ... TARGETED
MAILINGS AND ISSUE CAMPAIGNS.

AT STATE ACTIVITIES REQUEST, WE
HAVE BUDGETED FUNDS FOR STATE
OR LOCAL PUBLIC RELATIONS
COUNSEL TO BE USED IN TARGETED
REGIONS, AS THE NEED ARISES.

(pause)

FINALLY, WE WILL BROADEN OUR ACTIVITIES TO DEAL WITH THE SOCIAL COSTS ISSUE ... AND WITH CLAIMS THAT ARE USED TO SUPPORT A VARIETY OF LEGISLATIVE EFFORTS FROM NEW TAXES TO AD BANS TO SMOKING RESTRICTIONS. OUR SOCIAL COSTS PLAN CALLS FOR IDENTIFICATION OF ECONOMISTS AVAILABLE TO WRITE AND SPEAK TO THE ISSUE ... AND TO BRIEF OTHER ORGANIZATIONS AND INDUSTRIES ON THE THREAT THAT THE SOCIAL COSTS ARGUMENTS POSE TO THEIR PRODUCTS.

WE HOPE TO WORK WITH THOSE
ECONOMISTS TO ORGANIZE ACADEMIC
CONFERENCES ON THE SOCIAL COST
ISSUE AND TO SUPPORT A MEDIA
TOUR PROMOTING A BOOK BY
ECONOMISTS BOB TOLLISON AND
DICK WAGNER ON SOCIAL COSTS.
THAT BOOK IS IN PRESS NOW.

(pause)

ALL TOLD ... WE LOOK FORWARD TO
A TOUGH ... BUT SUCCESSFUL YEAR
IN 1988. IT WILL BE TOUGH
BECAUSE OF OUR ADVERSARIES ...
BUT IT WILL BE SUCCESSFUL ...
IN LARGE MEASURE ... BECAUSE OF
YOUR SUPPORT AND GUIDANCE.

ON BEHALF OF THE PUBLIC AFFAIRS
DIVISION STAFF ... I WOULD LIKE
TO THANK YOU ... AND WISH ALL
OF YOU A HAPPY AND SAFE
HOLIDAY.