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August 11, 1987

Mr. Guy L. Smith IV
Vice President, Corporate Affairs
Philip Morris Company
120 Park Avenue
New York, New York 10017

AUG 13 1987

Dear Mr. Smith:

"Sick Building Syndrome"

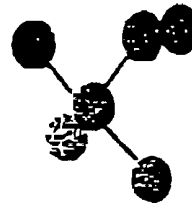
In your letter dated July 12, 1987 you stated that you planned to call me to determine my interest in participating in a national media campaign. Had you called, my message would have been, sorry, at this time there is no way I could entertain further TV, radio, or press coverage. Since August, 1986, working with Fleishman Hillard as PR agents, I have visited 60 U.S. cities on behalf of the Tobacco Institute. In each city we average two to three TV interviews, three to four radio shows, and one to two newspaper interviews, i.e. over 480 media interviews in one year. Add to this one full week in Australia, one in Hong Kong, and one in Canada for national coverage on behalf of Philip Morris International and it makes for a busy schedule.

When not occupied in media campaigns, I spend a considerable amount of time traveling the U.S. to appear in legislative hearings as an expert witness for the tobacco industry at city, state, and federal level. Two others of my staff deputize for me at these hearings if I am unavailable, though I make it my policy to give such legislative hearings first priority with my time.

I understand from the Tobacco Institute and directly from the directors of both Philip Morris and R.J. Reynolds that my testimony is one of the most convincing arguments your industry has in contesting anti-smoking restrictions. I and my staff take considerable insults from anti-smokers, politicians, and legislators for defending such a "tainted industry." However, no one has ever been able to deny our testimony and our greatest attribute is the fact that we are an independent company whose views occasionally and coincidentally coincide with tobacco industry views. Anti-smoking activists at these numerous legislative hearings attempt to devalue our testimony by inferring that we are only spokespersons of the tobacco industry. However, so far, we have shown that this is not the case.

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It was with considerable trepidation, therefore, that we negotiated with the Tobacco Institute to start this last year's media tour. Many felt that the media would quickly identify a link between ACVA and the tobacco industry that would jeopardize my future testimony on legislative issues. However, despite massive media attention, to date no one has identified such a link, which reflects well on the tact and diplomacy of our public relations firm of Fleishman Hillard. In fact, precisely one year ago, R.J. Reynolds propositioned me with a request to do a national media tour using their PR firm of Rogers and Cowan, Inc. After considerable discussion, R.J. Reynolds agreed to shelve this tour in favor of the Tobacco Institute/Fleishman Hillard tour.

In summary, I have currently negotiated a working relationship with the Tobacco Institute in which I have devoted as much time as is possible to work on their issues. In addition, we have agreed to devote some time specifically to Philip Morris International in specific overseas markets. Since any further utilization of my time would adversely affect the performance of ACVA, I have already declined to work with R.J. Reynolds' public relations group, with the premise that my work with the Tobacco Institute will benefit R.J. Reynolds. For that reason, I cannot at present entertain further media work other than existing commitments with the Tobacco Institute and Fleishman Hillard.

Furthermore, it is the feeling of all my staff, also of the Tobacco Institute staff we work with and of our attorneys Covington & Burling, that much of our success to date has been due to the "invisible bond" that exists between ACVA and the tobacco industry. By too closely associating with any tobacco company, we may gain some short term PR gains, but will undoubtedly damage our value as "unbiased" and independent expert witnesses. With this uppermost in my mind, I could not have agreed to participate in your media campaign.

It is with regret therefore, that I hear, after the fact, that you have commissioned Dorf and Stanton Communication to publicize this issue. Please ask them to stop because I simply cannot devote any more time whatsoever to this subject and the direct visible association between ACVA and Philip Morris is potentially damaging to our role as expert witnesses. It is the opinion of the Tobacco Institute, and of the other tobacco companies, that it is vital that we do nothing to jeopardize our services in the legislative arena.

I am very sorry that I must decline to work directly with you. Please appreciate that I am doing and will continue to do all I can to help your company on these issues, but this help must be on terms to which I give prior agreement.

Yours sincerely,

Gray Robertson
President

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