

THE TOBACCO INSTITUTE, INC.

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MINUTES OF MEETING

OF THE

EXECUTIVE COMMITTEE

January 11, 1989
Indian Wells, California

A meeting of the Executive Committee of The Tobacco Institute was held at the Hyatt Grand Champions Resort, Indian Wells, California at 8:30 a.m. on January 11, 1989. The following members of the Executive Committee were present:

W. G. Champion Mitchell, Vice Chairman
J. Robert Ave
David I. Greenberg
Charles H. Mullen
Josiah S. Murray III
Frank E. Resnik
Arthur J. Stevens

There were also present W. E. Ainsworth and Wayne W. Juchatz of R. J. Reynolds Tobacco Company; Fredric S. Newman of Philip Morris Incorporated; Gilbert L. Klemann, II of Chadbourne & Parke; David Townsend of Townsend & Company; Roger Ailes of Ailes Communications, Inc.; Samuel D. Chilcote, Jr., President of The Institute; John D. Kelly, Robert J. Lewis, Kurt L. Malmgren, Daniel A. Milway, George R. Minshew, Charles H. Powers, and Susan M. Stuntz of The Institute; and Stanley L. Temko, of counsel to The Institute.

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Vice Chairman Mitchell presided and Mr. Temko served as secretary and recorded the minutes.

Chairman Mitchell stated he was particularly pleased to be able to open the meeting with remarks by Senator Jesse Helms (R-N.C.). Senator Helms was greeted with a round of applause. The Senator discussed generally the issues facing Congress in the coming year, particularly the problem of dealing with the deficit, and emphasized the necessity that all members of the tobacco family work together during the coming year. In discussing the tax outlook, the Senator noted the extremely regressive nature of excise taxes. There ensued a question and answer period, with the Senator commenting on the changes in the make-up of the Senate and the excellent manner in which the tobacco support program was operating.

Chairman Mitchell, speaking for the group, expressed its appreciation to Senator Helms for his presentation and his strong representation of the interests of his state and his tobacco constituents.

The members of the Committee expressed their disappointment at the fact that Chairman Ralph Angiuoli had recently undergone surgery and could not attend the meeting. President Chilcote was requested to communicate to Mr. Angiuoli how much the Committee missed him and to express the Committee's good wishes for his speedy recovery and return to work.

Mr. Mitchell called on President Chilcote, who introduced the staff's report on the recent Oregon and

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California initiatives. Mr. Minshew summarized the decisive victories in both Oregon initiatives. He reported that, aside from a well-run campaign, the reasons for the victories were that fairness was on the side of the industry and that the public was against what essentially amounted to a complete ban on public smoking.

David Townsend opened the discussion of the California initiative. He summarized the chronology and plan of the campaign and stated that two factors in the defeat were the strong anti-tobacco views of important media in the state and a strong and pervasive anti-smoking attitude that prevailed in parts of the state. Mr. Ailes covered the media campaign. He discussed the effectiveness of various advertisements and also dealt with the problem of broadcast clutter in the closing days of the campaign.

Mr. Minshew also reported that litigation was being instituted to challenge the validity of the California tax and that budget developments in California were being followed to avoid improper use of any of the tax funds. Mr. Chilcote stated that at the February meeting of the Executive Committee there would be a staff presentation on activities planned for California and on possible attempts to propose similar taxing initiatives in other jurisdictions. At this point Messrs. Townsend and Ailes left the meeting.

Mr. Chilcote called on Ms. Stuntz to report on the portions of the Comprehensive Public Smoking Program that had been included in the basic 1989 Public Affairs Division budget

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and on the items that had been eliminated from the original Public Affairs budget as being of lower priority. The Committee discussed the changes briefly, with the view being expressed that projects relating to the lack of fairness of excise taxes not be overlooked.

Mr. Chilcote summarized the industry's response to the 1989 Surgeon General's report, which was being officially released that day. He mentioned the appearances of Brennan Dawson on network TV presenting the industry's views and then called on Mr. Powers to summarize other Institute activities. Mr. Powers reported on the commissioning and use of a public opinion poll, the issues briefs and other materials prepared and distributed by The Institute, and the newspaper ads emphasizing "Enough Is Enough". He concluded his presentation by a report on the conference scheduled for January 27-28 in Houston, Texas, by a combination of anti-smoking forces, and the subjects scheduled for consideration at the conference. He also summarized The Institute's plans for a response.

The members of the Committee expressed their congratulations on a job well done by the staff and particularly their appreciation for the work of Brennan Dawson as a spokesperson for the industry.

The President asked Mr. Lewis to report on federal developments. Mr. Lewis mentioned that there were reports that OSHA would reject the Public Citizen petition with respect to workplace smoking. He then discussed briefly the

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changes in composition of the new Congress, and the various bills of interest to the industry that had already been introduced.

Mr. Chilcote stated that Kurt L. Malmgren had already come aboard as head of the State Activities Division and that it would be in order to elect him as a Senior Vice President of The Institute. Thereupon, upon motion duly made and seconded, it was

RESOLVED, That Kurt L. Malmgren is elected to the office of Senior Vice President of the Corporation to serve until the next Annual Meeting of the Members of the Corporation or until his successor has been chosen and shall have qualified.

There being no further business, the meeting was adjourned.


Acting Secretary

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A. J. STEVENS

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