



Strategic Issues Task Force

July 9, 1999

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Strategic Issues Task Force

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Strategic Issues Task Force

- Should PM establish a Web Site?
- What topics?
- Views on core tobacco issues
- Steps to address the issues of youth smoking

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Strategic Issues Task Force

Recommendations

- Create a corporate Web Site
- Create a platform for communicating on core tobacco issues
- Consider a phased-in approach with October 1, 1999 as Phase 1 target
- Develop statements in format appropriate for the Web
- Create a process for maintaining the Site
- Create a process for ensuring coordination amongst the operating companies

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Strategic Issues Task Force

Implications

- **Global communication**
- **Schedule is very aggressive**
- **Mixed consumer interest**
- **Process needs to focus on content and technology**
- **Maintaining/updating and responding to inquiries**
- **Proposed format involves all operating companies**

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PM Companies' Statement of Position

- **Statements made decades ago continue to drive litigation and regulatory activity**
- **We will be judged by what we do, what we say, and how we say it**

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PM Companies Statement of Position

- Commitment in 1997 (Hatch)
 - Will not debate outside of litigation.
 - Recognize that our views are different than those of public health community.
- Position of our scientists
 - Nicotine is not pharmacologically addictive.
 - Smoking is a significant risk factor for, but not necessarily a cause of, diseases.

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PM Companies Statement of Position

Scientists Beliefs

Responsible
Company

Hatch

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Scientists' Position -- Causation

- Smoking is a significant risk factor for lung cancer and other diseases.
- From public health perspective, it is appropriate to equate increased risk with causation.
- Causation cannot be scientifically established until it is known what in smoke causes disease and how it causes disease.
- Answers to those questions are needed for product development/enhancement.
- Animal inhalation studies have not resulted in reproducible lung tumors.

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PM's 1997 Statement (Hatch)

- There is a substantial body of evidence supporting the judgment that smoking causes diseases.
- We believe that smoking is a risk factor for, and, in fact, may be a cause of diseases.
- Smoking is the single greatest risk factor for lung cancer.
- Our views on causation are at odds with public health community.
- We will refrain from debating the issue to ensure a single, consistent message.

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Scientists' Position -- Addiction

- Nicotine is not addictive under an objective pharmacological definition of the term.
 - No intoxication
 - No tolerance
 - No withdrawal
- Under some definitions, nicotine is addictive.
- Current definitions of “addiction” are too broad and subjective.
- Although it can be difficult for some, millions of smokers have quit.

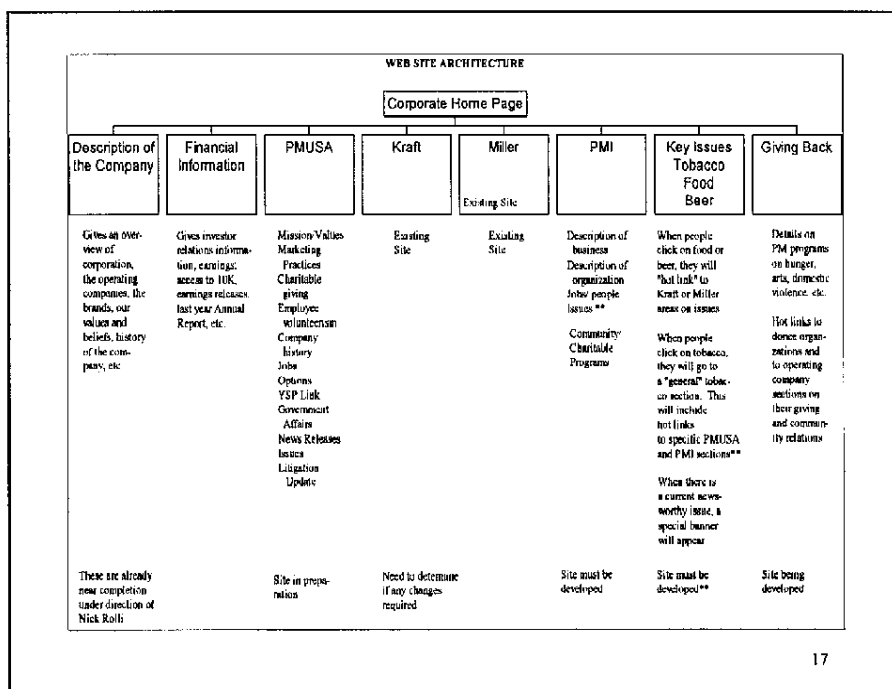
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PM's 1997 Statement (Hatch)

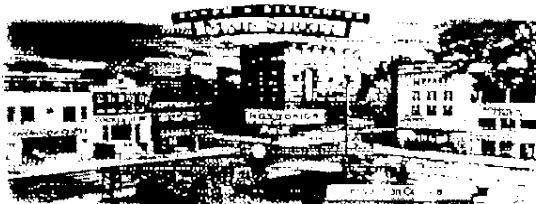
- Cigarette smoking is considered addictive under some definitions.
- People can quit, but it can be difficult for some.
- Our views on addiction are at odds with public health community.
- We will refrain from debating the issue to ensure a single, consistent message.


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Brown & Williamson Website





We invite you to learn more about the proud history of Brown & Williamson Tobacco Corporation, the people that make up our company, and the issues that are important to smokers and non-smokers alike.

([Hot Topics](#) | [Sustainability](#) | [History](#) | [Media/Events](#) | [Contact Us](#))

([Community/Charity](#) | [Government/Regulation](#) | [Home](#) | [Site Index](#))

www.brownandwilliamson.com

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B&W Statement -- Website

“Brown & Williamson believes that smokers should rely on the advice of appropriate health authorities such as the Surgeon General for information on smoking and health, including the conclusions that smoking causes disease and is addictive.”

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B&W Website -- “Smoking and Disease”

“Warning the public is a primary objective of public health authorities, and the available evidence -- in particular, the strength of the statistical evidence -- is sufficient for them to make the judgment that smoking causes disease.”

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B&W Website -- "Smoking and Disease"

"If this judgment is based on statistical criteria, we agree that the evidence is sufficient to determine that smoking causes disease."

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B&W Website -- "Smoking and Disease" *

- Manufacturer's perspective is product development/risk reduction.
- Many gaps in science.
 - role of individual smoke constituents
 - the role of design and formulation parameters
 - relevance of toxicological tests
 - fundamental mechanisms
- Need more information for product modification.

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B&W Website -- "Nicotine Addiction"

"Brown and Williamson recognizes that, by some definitions, including that of the Surgeon General in 1988, cigarette smoking would be classified as addictive."

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B&W Website -- "Nicotine Addiction" *

"We believe that the suggestion that smoking cigarettes is comparable to use of heroin and cocaine defies common sense and is contrary to medical research."

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B&W Website - Favorable Reaction

- New tone
- Acknowledgment of causation
- “Some opponents applaud B&W for being the first big U.S. tobacco company to acknowledge a causal link between smoking and disease”
- “This website represents a change in tone and substance” (Meyers)

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B&W Website - Criticism

“The discussion of nicotine and addiction is filled with the same type of qualifiers and conditions that the industry has been using to blur the issue for the last four or five years.” (Meyers, CFTFK)

“Merely a slicked up cyber-serving of the industry’s standard obfuscation -- an ongoing line of factual flimflammy going back to the 1950s.” (Whelan, Am. Council on Science and Health)

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Ingredients

Fact:

- **Regulatory proposals accelerating**
- **Demands more onerous**
- **Current requirements widely differing**
- **Worldwide implications**
- **Societal alignment**
- **Competitors' actions**

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Ingredients

Strategic Considerations:

- **Trade secret protection**
- **Audiences**
- **Mechanisms**
- **Business flexibility**
- **Product specific issues**
- **Updating**
- **Tracking and recalibration**

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Ingredients - Nature of Regulations

- Permitted and/or prohibited lists
- Disclosure obligations
 - industry v. brand
 - tobacco v. NTMs
 - no quantities v. quantities
 - added to v. present in
- Toxicological data/government approval

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Ingredients - DGV



Directorate General V of the European Commission announced its intention, in November 1998, to examine “further legislative proposals in the field of tobacco products” including:

- quantitative by-brand ingredient disclosure including NTMs
- toxicological data on ingredients
- a demonstration that ingredients are safe when used as intended

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Ingredients

Consumer Disclosure

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Ingredients - On-Pack Disclosure

France



- label percentage of tobacco; cigarette paper; and other authorized additives
- e.g., "Tobacco 90.0%; Cigarette Paper 5.0%; Flavor and Texture Agents 5.0%."

Brazil



- label basic ingredients
- e.g., "Mixture of tobaccos; sugars; cigarette paper; vegetable extracts; flavor agents."

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Ingredients - B&W on Ingredients

“Why publish on the Internet?”

- “widespread availability”
- “flexibility”
- “ease of updating”
- “By using the Internet, we can list all brand styles in one place and make changes to reflect our most recent manufacturing practices.”

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Ingredients - B&W Website

Statement on Ingredients

“The addition of ingredients is under the direct control of the manufacturer and, subject to the confidentiality issues discussed above, we believe that it is appropriate to share it with health authorities and the public.”

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Ingredients - B&W Disclosure

- ingredients added to tobacco
 - no NTMs
- each individual brand style
- format of food labels
 - grouping of flavorings
 - beyond food requirements
- greatest to least amount added to the product

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Ingredients - B&W Disclosure

Kool Filter King

Tobacco

Water

Glycerol

Propylene Glycol

Invert Sugar Syrup

Corn Syrup

Brown Sugar

Specially Denatured Alcohol No.4

Natural & Artificial Menthol

Cellulose Fiber

Diammonium Phosphate

Chocolate Liquor

Cocoa

Honey

Licorice

Sugar

Natural & Artificial Flavors

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PM Ingredients - Geography

USA



International

–by region

–by country



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Ingredients - Disclosure Options

- Method A - Food style disclosure
- with incidental additives
 - some flavors listed
- Method B - Food style disclosure
- without incidental additives
 - all flavors grouped
- Method C - Category disclosure
- grouped by category
 - some specific examples

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Ingredients Disclosure - Methods A&B

MARLBORO FF

Method A

Tobacco
Water
Glycerol
Sugar
Corn Syrup
Propylene Glycol
Cocoa and cocoa products
Ethyl Alcohol, Denatured SDA4
Licorice Extract
Diammonium Phosphate
Ammonium Hydroxide
Urea
Carob Bean & Extract
Potassium Sorbate (Preservative)
Propyl Paraben (Preservative)
Natural & Artificial Flavors

Method B

Tobacco
Glycerol
Sugar
Corn Syrup
Propylene Glycol
Natural & Artificial Flavors*
Diammonium Phosphate
Ammonium Hydroxide

*includes all flavors



Incidental Additives, exclude for Method B



Flavors, group for Method B

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Ingredients Disclosure - Method C

Tobacco
Water
Humectants

Sugars
Natural and/or Artificial Flavors
Processing Aids

Tobacco

Includes various combinations of bright, burley, oriental, expanded and reconstituted tobaccos. [Definitions - Click]

Water

For processing and to maintain moisture [Definition - Click]

Humectants

Includes (used alone or in various combinations) glycerol, propylene glycol, and/or sorbitol for moisture retention to maintain pliability during processing and as a solvent for flavors. [Definitions - Click]

Sugars

Includes (used alone or in various combinations) sucrose, corn syrup, invert sugar syrup and molasses. To replace lost sugars during processing and to smooth the taste of the smoke. [Definitions - Click]

Natural and/or Artificial Flavors

Includes various combinations of cocoa and cocoa products, licorice extract, chocolate liquor, carob bean and carob bean extract, and other various natural, nature identical and artificial (synthetic) flavors included in the 1998 USA Industry List submitted to HHS. [List & Definitions - Click]

Processing Aids

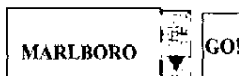
To help facilitate the manufacturing process. Includes various combinations of water, denatured ethyl alcohol, and others to help deliver the flavors to the tobacco blend. [Definitions - Click]

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Ingredients Disclosure - PM USA Proposal (Methods A&C)

FOR INFORMATION ABOUT INGREDIENTS IN OUR CIGARETTES
PLEASE USE THE DROP-DOWN MENU TO CHOOSE YOUR BRAND



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Ingredients Disclosure - PM USA Proposal (Methods A&C)

Tobacco is the primary ingredient in our cigarettes. We use various combinations and qualities of tobacco in all of our blends. In this cigarette we use the following tobaccos:

Bright Burley Oriental Expanded Reconstituted

Humectants are used for moisture retention to maintain pliability during processing and to facilitate the application of flavors. In this cigarette we use the following humectants:

Glycerol Propylene glycol

Sugars are used to replace naturally-occurring sugar in tobacco leaf lost during processing and to smooth the taste of the smoke. In this cigarette, we use the following sugars:

Sucrose Corn syrup

Natural and/or Artificial Flavors are used in our products to provide specific characteristics of each brand. Flavorings add to the aroma and taste of the cigarette smoke. Each of our brands contains natural and artificial flavors, many of which we consider to be trade secrets. For that reason, we are not disclosing all of the flavorings in this cigarette. However, each year all of our ingredients, including all natural and artificial flavorings, are reported to the U.S. Department of Health and Human Services. Click [here](#)¹ for [company]'s industry list. Some of the flavorings used in this cigarette include:

Cocoa and cocoa products Licorice extract Carob bean and carob bean extract

[Urea] Other various natural, nature identical and artificial (synthetic) flavors

¹This link would lead to a list of either (i) a company list of natural and/or artificial flavors used in all PM brands sold in the U.S., or (ii) the industry 599 list or its most recent update.

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Ingredients Disclosure - PM USA Proposal (Methods A&C)

Processing/Formulation Aids are used to facilitate the manufacturing process. This cigarette contains the following processing/formulation aids:

Water [Carbon Dioxide] [Denatured Ethyl alcohol] Ammonium Hydroxide Diammonium Phosphate¹

Preservatives are used to maintain freshness in our reconstituted tobacco. The reconstituted tobacco in this cigarette contains the following preservatives:


Potassium Sorbate Propyl Paraben

CLICK HERE FOR A LIST OF THE INGREDIENTS IN DESCENDING ORDER BY WEIGHT*

Non-Tobacco Materials Use the drop-down menu to get information about materials used in the rest of the cigarette:

Cigarette Paper²  **GO!**

PLEASE USE THE DROP-DOWN MENU TO CHOOSE ANOTHER BRAND:

MERIT³  **GO!**

¹ Also used as a flavorant.

² This drop-down menu would include cigarette paper, sideseam adhesive, monogram ink, cigarette filter (filter tow, plasticizer, plug wrap, adhesive), tipping paper & adhesive.

³ This drop-down menu would include Philip Morris' 33 U.S. brand families.

Ingredients Disclosure - PM USA Proposal

LIST OF THE INGREDIENTS IN DESCENDING ORDER BY WEIGHT

MARLBORO FF

Tobacco
Water
Glycerol
Sucrose
Corn Syrup
Propylene Glycol
Cocoa & Cocoa Products
[Denatured Ethyl Alcohol]
Licorice Extract
Diammonium Phosphate
Ammonium Hydroxide
Urea
Carob Bean & Extract
Potassium Sorbate
Propyl Paraben
Natural & Artificial Flavors

Ingredients Disclosure -- Descriptions

Ammonium Hydroxide: Used as an aid in the manufacture of reconstituted tobacco sheet. Releases naturally occurring pectins from the tobacco which act to bind together the stems and small particles of tobacco used to make reconstituted tobacco sheet. FDA GRAS; used in baked goods.

Corn Syrup: Used to replace sugars lost during the processing of the tobacco. Smooths the taste of the smoke, helps provide mild tasting smoke. Helps maintain moisture and pliability of tobacco during processing. FDA GRAS; FEMA GRAS; used in baked goods, candy, breakfast cereals.

Diammonium Phosphate: Used as a flavor and as an aid in the process of manufacturing reconstituted tobacco sheet. As an aid in manufacturing, diammonium phosphate releases naturally occurring pectins from the tobacco which act to bind together the stems and small particles of tobacco used to make reconstituted tobacco sheet. FDA GRAS; used in dough, ice cream, gelatin and puddings.

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Ingredients Disclosure -- NTMs

- Cigarette Paper
- Sideseam Adhesive
- Monogram Ink
- Cigarette Filter
 - Filter Tow
 - Plasticizer
 - Plug Wrap
 - Adhesive
- Tipping Paper & Adhesive
- Burned v. Non-burned

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Ingredients Disclosure -- Issues

- Competitive issues
 - Blended cigarettes v. Virginia cigarettes
 - Corporate brands
 - differences
 - similarities
- Specific country issues
 - GCC/denatured alcohol
 - Israel/ammonia

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Disclosure Similarities - Corporate Brands

<u>Marlboro FF LS REG FTB</u>	<u>B&H Ultra LTS 100s Reg</u>	<u>English Ovals</u>
Tobacco	Tobacco	Tobacco
Water	Water	Water
Glycerol	Glycerol	Glycerol
Sugar	Sugar	Sugar
Corn Syrup	Corn Syrup	Corn Syrup
Propylene Glycol	Propylene Glycol	Propylene Glycol
Cocoa and cocoa products	Cocoa and cocoa products	Cocoa and cocoa products
Ethyl Alcohol, Denatured SDA4	Ethyl Alcohol, Denatured SDA4	Ethyl Alcohol, Denatured SDA4
Licorice Extract	Licorice Extract	Licorice Extract
Diammonium Phosphate	Diammonium Phosphate	Diammonium Phosphate
Ammonium Hydroxide	Ammonium Hydroxide	Urea
Urea	Urea	Carob Bean & Extract
Carob Bean & Extract	Carob Bean & Extract	Potassium Sorbate (Preservative)
Potassium Sorbate (Preservative)	Potassium Sorbate (Preservative)	Propyl Paraben (Preservative)
Propyl Paraben (Preservative)	Propyl Paraben (Preservative)	Natural & Artificial Flavors
Natural & Artificial Flavors	Natural & Artificial Flavors	



Incidental Additives, exclude for Method B
Flavors, group for Method B

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Disclosure Similarities - Corporate Brands

Parliament

Tobacco
Water
Glycerol
Propylene Glycol
Corn Syrup
Sugar
Diammonium Phosphate
Cocoa and cocoa products
Ethyl Alcohol, Denatured SDA4
Licorice Extract
Ammonium Hydroxide
Urea
Carob Bean & Extract
Natural & Artificial Flavors
Potassium Sorbate (Preservative)
Propyl Paraben (Preservative)

Cambridge Menthol

Tobacco
Water
Sugar
Propylene Glycol
Corn Syrup
Glycerol
Ethyl Alcohol, Denatured SDA4
Menthol
Diammonium Phosphate
Cocoa and cocoa products
Ammonium Hydroxide
Urea
Carob Bean & Extract
Potassium Sorbate (Preservative)
Propyl Paraben (Preservative)
Natural & Artificial Flavors

Bucks

Tobacco
Water
Sugar
Glycerol
Propylene Glycol
Cocoa and cocoa products
Ethyl Alcohol, Denatured SDA4
Licorice Extract
Corn Syrup
Potassium Sorbate (Preservative)
Carob Bean & Extract
Propyl Paraben (Preservative)
Natural & Artificial Flavors



Incidental Additives, exclude for Method B



Flavors, group for Method B

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Disclosure Similarities - Corporate Brands

Merit

Tobacco
Water
Sugar
Glycerol
Corn Syrup
Propylene Glycol
Cocoa and cocoa products
Ethyl Alcohol, Denatured SDA4
Licorice Extract
Diammonium Phosphate
Ammonium Hydroxide
Urea
Carob Bean & Extract
Potassium Sorbate (Preservative)
Propyl Paraben (Preservative)
Natural & Artificial Flavors

Merit Ultima

Tobacco
Water
Sugar
Glycerol
Propylene Glycol
Cocoa and cocoa products
Ethyl Alcohol, Denatured SDA4
Licorice Extract
Corn Syrup
Carob Bean & Extract
Natural & Artificial Flavors
Potassium Sorbate (Preservative)
Propyl Paraben (Preservative)

L&M

Tobacco
Water
Glycerol
Sugar
Corn Syrup
Propylene Glycol
Cocoa and cocoa products
Ethyl Alcohol, Denatured SDA4
Licorice Extract
Carob Bean & Extract
Potassium Sorbate (Preservative)
Natural & Artificial Flavors
Propyl Paraben (Preservative)



Incidental Additives, exclude for Method B



Flavors, group for Method B

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Differences - Marlboro in 7 Countries

	USA	German	Ireland	New Zealand	Indonesia	Venezuel	Japan
Tobacco	+	y +	+	+	+	+	+
Water	+	+	+	+	+	+	+
Glycerol	+	+	+	+	+	+	+
Sugar	+	+	+	+	+	+	+
Corn syrup	+	+	+	+	+	+	+
Propylene	+	+	+	+	+	+	+
glycol & cocoa products	+	+	+	+	+	+	+
Ethyl alcohol, denatured SDA4	+	+	+	+	+	+	+
Licorice	+	+	+	+	+	+	+
Diammonium phosphate	+	+	+	+	+	+	+
Ammonium hydroxide	+	+	+	+	+	+	+
Urea	+	+	+	+	+	+	+
Carob bean &	+	+	+	+	+	+	+
Potassium sorbate	+	+	+	+	+	+	+
Propyl paraben	+	+	+	+	+	+	+
Natural & artificial	+	+	+	+	+	+	+
Flavors		+					
Incidental sugar syrup		+	+	+		+	
Gum						+	
Ethyl alcohol						+	+
Sheet	+	+lt r	+lt r		+	+	+jt
Sidescam adhesive	+	+str	+str	+	+	+	+
Charcoal						+	+
Filter							



Incidental Additives, exclude for Method B



Flavors, group for Method B

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Reduction of Ingredients 1997-1999

Marlboro 1997 (150s)

Tobacco
Water
Sugar
Propylene Glycol
Corn Syrup
Glycerol
Cocoa and cocoa products
Diammonium Phosphate
Ethyl Alcohol, Denatured SDA4
Licorice Extract
Ammonium Hydroxide
Urea
Carob Bean & Extract
Potassium Sorbate (Preservative)
Propyl Paraben (Preservative)
Natural & Artificial Flavors

Marlboro 1998 (120s)

Tobacco
Water
Sugar
Propylene Glycol
Corn Syrup
Glycerol
Cocoa and cocoa products
Diammonium Phosphate
Ethyl Alcohol, Denatured SDA4
Licorice Extract
Ammonium Hydroxide
Urea
Carob Bean & Extract
Potassium Sorbate (Preservative)
Propyl Paraben (Preservative)
Natural & Artificial Flavors

Marlboro 1999 (30s)

Tobacco
Water
Glycerol
Sugar
Corn Syrup
Propylene Glycol
Cocoa and cocoa products
Ethyl Alcohol, Denatured SDA4
Licorice Extract
Diammonium Phosphate
Ammonium Hydroxide
Urea
Carob Bean & Extract
Potassium Sorbate (Preservative)
Propyl Paraben (Preservative)
Natural & Artificial Flavors



Incidental Additives, exclude for Method B

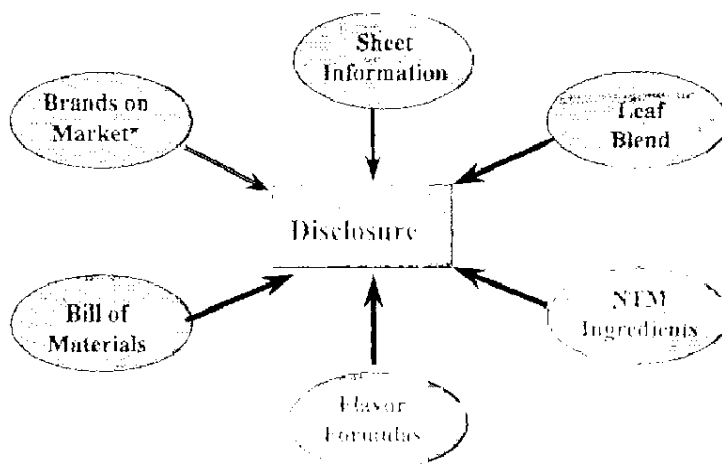


Flavors, group for Method B

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Ingredients Disclosure -- Mechanics



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