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December 19, 1990

Mr. Jack Nelson
Vice President
Corporate Affairs
Philip Morris U.S.A.
120 Park Avenue
New York, New York 10017

12/23
To: GLS
Media strategy for
divestment. It makes
sense to me. You need
to be involved/review.
Thanks
JCN
cc: DF
CWall
Deshz
OKM

Dear Jack:

As we discussed on Friday, the objective of any near-term initiative relating to the Johns Hopkins situation is to contain and interdict a process that is likely to lead to broader divestment of Philip Morris stock by medical schools.

Let's assume, as I believe we all do, that Johns Hopkins will decide to divest soon after Philip Morris responds to the university's trustee committee at the end of the year. I agree with you that we should preempt any such announcement and, in so doing, focus our messages on the following themes.

- o Philip Morris will continue to fund medical research at Johns Hopkins or any other medical school regardless of any divestment decisions they make. The research is important and needed. To withdraw such funding would be the wrong thing to do. ✓
- o Philip Morris would certainly regret a decision by Johns Hopkins to divest because the stock is such a superior investment. As a major corporate contributor to research and education, one that is well aware of the financial needs that exist in these areas, we feel it is a shame that the university will no longer be able to benefit from the returns our stock provides, especially now when research and education dollars are increasingly difficult to come by. ✓

Our intention is to point out the hypocritical stance taken by Johns Hopkins and other medical schools that choose to divest themselves of Philip Morris stock, and that Johns Hopkins, by ignoring its fiduciary responsibility, is unfairly pressuring other schools to sell their stock and forfeit the much needed financial benefits it provides. In other words, Johns Hopkins, by its action, is setting up other universities to make inappropriate financial decisions.

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The medical schools' own association would appear to be the best means for initially delivering these messages. But timing is critical. For this effort to have the desired effect, we need to act fast and meet with the appropriate people at the association as soon as we can given the likelihood of an announcement by Johns Hopkins early in the new year. I see no reason to delay given our studied assumption that Johns Hopkins' divestment appears inevitable.

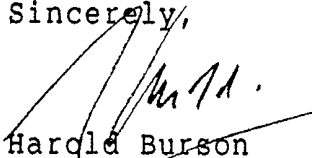
Concurrent with or immediately following that discussion, we would issue a press release on the subject and peg our story to the fact that we just told the association of our intentions. Proactive follow-up with key publications would ensue as would our reactive response to calls from other interested media.

Two other points need to be addressed. First, the possibility exists that Philip Morris research funding may also be rejected in the future. Should that occur, Philip Morris would simply give that money to someone else, preferably to the university's direct rival.

Second, I believe strongly that this strategy be limited to medical schools only. Other institutions of higher learning should be dealt with individually and on a discretionary basis. Yanking endowments and other grants from, say, a liberal arts school would be appropriate under certain circumstances.

I'd be happy to discuss this with you further and would be glad to offer any assistance we can provide to move this initiative forward.

Sincerely,



Harold Burson

HB:dc

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