

PHILIP MORRIS USA

INTER-OFFICE CORRESPONDENCE

120 PARK AVENUE, NEW YORK, NY 10017-5592

TO: All Employees

DATE: October 23, 1997

FROM: William H. Webb

SUBJECT: New Cigarette Smoking System

Philip Morris USA and Philip Morris KK (Japan) have announced that they will undertake limited consumer research in the U.S. and Japan on a new cigarette smoking system. The new system consists of a cigarette specially designed to be smoked while partially inside an electronic *Puff Activated Lighter*™.

This new product offers smokers a cigarette with traditional ultra light taste, flavor and smoking pleasure that produces no ashes, dramatically reduces ambient tobacco smoke and lingering smoke odor, and only burns tobacco when the smoker draws on it. When the cigarette is in the lighter, it also eliminates the potential fire hazard presented by the burning end of a carelessly handled cigarette. This new smoking system provides unique consumer benefits while addressing some of the significant social issues surrounding smoking.

Because this represents a new way to smoke cigarettes, we are undertaking a research phase to assess consumer preferences and determine if there is sufficient interest to justify a test market in the future. We informed the news media at this early stage because we believe that even limited use in public would encourage news coverage on its own.

Quality, choice and innovation have always been the hallmark of our company. As we look to the future, we place great value on bringing creativity and new ideas to meet the evolving preferences of adult smokers throughout the world.

Attachments: PM-USA Press Release

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