

**APCO ASSOCIATES INC.**

A GCI Group Company

September 23, 1993

Mr. Vic Han  
Director of Communications  
Philip Morris, USA  
120 Park Avenue  
New York, NY 10017

Margery Kraus  
President and  
Chief Executive Officer

Dear Vic:

I am pleased to present you with an outline of APCO Associates Inc.'s (APCO) proposed activities on behalf of Philip Morris, USA for 1994. This proposal outlines (i) our work with *The Advancement of Sound Science Coalition* (TASSC); (ii) the development of a media relations strategy and (iii) APCO's role in assisting Philip Morris and its Regional Directors in targeted states.

APCO is very excited about the development and progress of TASSC. The national coalition currently has over 300 members, with representation from business and industry, the scientific and academic communities, and public officials. We are looking forward to the successful launching of TASSC this fall. We believe the groundwork we conduct to complete the launch will enable TASSC to expand and assist Philip Morris in its efforts with issues in targeted states in 1994.

(We also are in the process of preparing a separate proposal to fund the official launching of TASSC this Fall and appropriate media relations activities. This proposal will be provided under separate cover prior to our October 4 meeting with Ellen Merlo.)

We have recently conducted a survey of current TASSC members to enlist their input on issues, programs and activities. As a result of the responses to date, we believe that the following proposal most effectively capitalizes on their support and enthusiasm.

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Amsterdam, Bologna, Brussels, Canberra, Frankfurt, Genoa, The Hague, Hong Kong, London, Los Angeles, Maastricht, Melbourne, Mexico City, Milan, Munich, New York, Paris, Rome, Stockholm, Sydney, Tokyo, Toronto, Washington, D.C.

## SCOPE OF WORK

APCO proposes three levels of assistance that it can provide to Philip Morris: (i) expanding and overseeing TASSC and its programs; (ii) developing and implementing a comprehensive media relations strategy; and (iii) assisting Philip Morris's Regional Directors in targeted states. Each of these levels are outlined below.

### **I. EXPANDING AND OVERSEEING TASSC AND ITS PROGRAMS.**

APCO proposes services that cover six critical components to the success of TASSC: (i) expanding the membership of TASSC; (ii) broadening the funding base of TASSC; (iii) conducting an on-going and comprehensive research program; (iv) directing the activities and involvement of Garrey Carruthers and other key leaders; (v) coordinating and directing outreach to the scientific and academic communities; and (vi) overseeing and implementing the administrative responsibilities of TASSC.

#### *(i) Expanding the membership of TASSC.*

APCO will continue its efforts to develop the direction of TASSC and to expand the membership of the coalition. We will continue to implement a multi-tiered program involving intensive recruitment of high-profile representatives from business and industry, scientists, public officials, and other individuals interested in promoting the use of sound science. This program includes identifying key individuals and groups, researching appropriate issues of importance to them, and developing and implementing the most effective recruitment mechanism. Much of this effort will include extensive research, personal meetings and presentations, and an on-going direct mail membership effort to expand and broaden TASSC's membership.

#### *(ii) Broadening the funding base of TASSC.*

APCO will expand its efforts to: (i) enlist additional financial support for TASSC; and (ii) ensure a continuing broad-based source of funds for the national coalition. This effort will require ongoing solicitation of support from Fortune 500 companies and other targeted business and industry groups. The fundraising campaign will include targeting select companies and groups for solicitation, analyzing the most effective way to solicit their support, and conducting personal presentations and "sales pitches". The fundraising effort also will include working closely with Philip Morris to leverage support from its corporate contacts and allies. To ensure that TASSC has a diverse group of contributors, APCO will include a comprehensive direct mail fundraising element in this program.

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*(iii) Conducting an ongoing and comprehensive research program.*

APCO will conduct a research program which includes monitoring current issues and collecting additional examples of unsound science to ensure that TASSC has the latest information and resources on the issue of unsound science. We also will monitor and maximize leverage with third parties to build and expand the TASSC database of potential allies.

*(iv) Directing the activities of Garrey Carruthers and other key leaders.*

APCO will direct and manage the activities of Garrey Carruthers and other key leaders participating in TASSC. This includes developing and maintaining his schedule, prioritizing his time and energies, and briefing Carruthers and other appropriate TASSC representatives.

*(v) Coordinating and directing outreach to the scientific and academic communities.*

APCO will conduct an on-going program of outreach to credible scientists and academicians to enlist their support and participation with TASSC and its related issues. In this regard, APCO will identify and recruit targeted individuals by matching scientists and academicians to key TASSC issues. The scientists and academicians will be encouraged to participate in TASSC media activities.

*(vi) Overseeing and implementing the administrative responsibilities of TASSC.*

APCO will oversee the day-to-day administrative responsibilities of running the national coalition. This includes the maintenance of member lists and records, directing necessary correspondence on behalf of the coalition, maintaining financial records, and preparing all necessary records and reports.

**II. DEVELOPING AND IMPLEMENTING A COMPREHENSIVE MEDIA RELATIONS STRATEGY.**

As a follow-up to the launching of TASSC, APCO will implement a comprehensive media relations effort which would include the development of a TASSC Public Information Bureau. The primary objective of the TASSC Public Information Bureau is to (i) maximize coverage of the coalition; (ii) disseminate key messages of the coalition; and (iii) maximize the use of TASSC and its members into Philip Morris's issues in targeted states.

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Our local and regional media efforts will be supplemented with a roll-out of nationally issued press releases. TASSC's Public Information Bureau will release press announcements, news alerts and serve as the "on call" headquarters for coordinating TASSC public information activities. The Bureau's activities will include:

- \* Publishing and distributing a monthly update report for all TASSC members, which will quantify media impressions made the prior month and discuss new examples of unsound science.
- \* Monitoring the alternative press (i.e., "public interest groups" newsletters and activities) and informing TASSC members of any upcoming studies and relevant news.
- \* Arranging media tours.
- \* Issuing news releases on a regular basis to news wire services, members, allies, and targeted reporters.
- \* Issuing quarterly national "mat" releases to smaller media markets to build grassroots support.
- \* Acting as a clearinghouse for speaking requests of TASSC scientists or other members and maintaining a Speakers Bureau to provide speakers for allies and interested groups.
- \* Drafting "boilerplate" speeches, press releases and op-eds to be utilized by TASSC field representatives.
- \* Placing articles/op-eds in trade publications to serve as a member recruitment tool in targeted industries, such as the agriculture, chemical, food additive, and biotechnology fields.
- \* Monitoring the field and serving as a management central command for any crises that occur.

### **III. ASSISTANCE TO REGIONAL DIRECTORS IN TARGETED STATES**

APCO will assist the Regional Directors in states targeted by Philip Morris. This includes utilizing TASSC as a tool in targeted legislative battles, developing and/or working with other coalitions and grassroots groups, and implementing approved campaign tactics and efforts.

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## PROPOSED FEES

The proposed fees for each level of assistance is as follows:

**I. Expanding and overseeing TASSC and its programs.**

Fee of \$20,000 per month, plus appropriate out-of-pocket expenses. In addition to this fee, we will bill an additional amount of \$5,000 to compensate Garrey Carruthers.

**II. Developing and implementing a comprehensive media relations strategy.**

Fee of \$15,000 per month, plus appropriate out-of-pocket expenses. If there are special media-related projects beyond what currently is anticipated we will provide a special budget for your approval.

**III. Assistance to PM's Regional Directors in targeted states.**

APCO is currently under contract for \$12,500 per month to respond to the needs of Regional Directors. We hope to work with Tina Walls to understand the number of states targeted for 1994 and the level of assistance required in these states before a final proposed fee can be established.

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We have been excited about the progress of TASSC to date and are committed to the continued development and success of the national coalition. If you have any questions, or if I can provide you with additional information, please let me know.

I look forward to discussing this proposal with you.

Sincerely,



Margery Kraus

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