

PHILIP MORRIS U. S. A.
INTER-OFFICE CORRESPONDENCE
RICHMOND, VIRGINIA

To: . FILE
From: . R. D. Latshaw
Subject: . DOW-NICORETTE MEETING, OCTOBER 23, 1984

Date: October 25, 1984

IN ATTENDANCE:

PM

W. J. Campbell
A. J. Kay, Jr.
R. D. Latshaw

DOW

Andrew Butler, Vice President and Commercial Director,
Dow Chemical U.S.A.

David Sharrock, President and General Manager,
Merrell Dow Pharmaceuticals

Thomas Craig, Director of Marketing, Organic Chemicals

Joe Bujold, National Accounts Manager

The meeting was held to afford Dow's top management the opportunity to explain Dow's position on Nicorette. Dow reiterated they were not taking an anti-smoking position and that they were sensitive to the issue and our interests. Butler, a member of Dow's Board of Directors, made it quite clear that Dow had not made a corporate decision that Nicorette was more important than the humectant business. To the contrary, he stated that PM is a very important account to Dow and that Dow wants to re-establish their position with Philip Morris.

Dow assured PM that the anti-smoking activities within their company, and related to Nicorette, were not part of any conscious program emanating from Dow's Midland headquarters. The Freeport plant campaign to have employees stop smoking, for example, was instigated by a local company doctor. Butler was unaware of the program until we complained. The setting up of Nicorette smoking cessation clinics and doctors' generous distribution of Nicorette pamphlets are not part of Dow's marketing program, but are attributed to the zealouness of some members of the medical profession.

Sharrock said he has been carefully screening advertising and promotional materials to eliminate any inflammatory anti-industry statements. He intends that sales be maintained on a basis of Nicorette being a product for those who want or need to stop smoking. Examples were cited where ad agencies pushed anti-smoking themes and Sharrock vetoed the ideas.

It appeared as though the Dow contingent gained additional insights into the sensitivities of the Nicorette issue in such areas as the twisting and amplification of Dow's programs by overly-zealous, anti-smoking forces.

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Dow is committed to avoid contributing to the anti-cigarette effort, despite the inherently negative connotations of Nicorette gum.

Sharrock warned that there would be new advertising coming because of Merrell Dow's introduction of a new drug. The new pharmaceutical launch dictates a switch from Merrell's sales force pushing Nicorette to more advertising. Sharrock will send copies of the new ads to Dow's Richmond office so that we can be kept posted of what to expect. The theme will be "if you must or want to quite smoking, see your doctor".

It was reiterated that Dow had been a superior supplier and that we desired to maintain our relationship. However, future purchases would be predicated on Dow's performance as a supplier as well as the course of the Nicorette program.

As a measure of good faith, we will commence buying propylene glycol, but at significantly reduced levels relative to the pre-May suspension take.

RDL/lwk

AZ

cc: W. B. Harris
A. J. Kay, Jr.
L. W. Morgan

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