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Transcript

DATE October 13, 1999
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NETWORK Fox News Channel
PROGRAM Your World

Neil Cavuto, host:

It's half a world away, so why does it feel so close to home? Wall Street ponders the Pakistan net. Should investors be worried?

And why is Philip Morris now admitting smoking can kill you? (Graphic: NEXT Butting In; Visual of cigarettes on assembly line)

Plus the debate over one-stop financial shopping. Should bankers also be brokers? First this.

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Cavuto: When we come back, we will be talking certainly, about the situation, not only in Pakistan and what's going on around the world later in the show with Henry Kissinger. The former U.S. Secretary of State, will also be exploring the market implications of this later on with Scott Bryer(sp).

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Cavuto: And later we will have this.

Kathy Wolff reporting:

The Philip Morris Company admits that cigarettes are addictive and can cause lung cancer. (Graphic: COMING UP Smoking Gun?)

I'm Kathy Wolff. I'll have the story of their one-hundred-million-dollar-image campaign later in the show.

* * *

Cavuto: Still ahead: We all know smoking isn't safe. Now even the world's leading cigarette maker is saying so. Is Philip Morris on an anti-tobacco campaign? Find out after this. (Graphic: COMING UP Kick In The Butt?)

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Cavuto: Welcome back, everybody. In tonight's "Fox Focus": Usually a company spends money to promote its products. But tobacco giant Philip Morris is launching a one-hundred-million-dollar campaign to warn people that cigarettes kill you. Why this stunning admission? Here's Fox News correspondent Kathy Wolff.

Wolff: The words are chosen carefully. But on Philip Morris' new Internet site the company acknowledges for the first time that cigarette smoking is addictive as that term is most commonly used today. (Visual of Web site)

A company spokesman won't elaborate, but says it's all part of a public image campaign.

David Greenberg (Philip Morris): Some of the controversies about our tobacco business are the only thing that people know about us. And that's our fault and we're working to change that.

Wolff: The company budget for changing that is one hundred million dollars. Much of it will be spent on TV ads about its charitable donations... (Clips from commercial)

...and the other products it produces through Kraft Foods like Maxwell House coffee and Oscar Mayer meats. But critics aren't buying it. (Visual of food products)

John Garrison (American Lung Association Chief Executive Officer): They're going to hide behind the food products if they can and it doesn't obliterate the fact that Philip Morris is responsible for over two hundred thousand deaths a year.

Wolff: Over the past two years, Philip Morris and other cigarette makers have agreed to shell out two hundred and forty-six billion dollars in costs for treating sick smokers. Some believe the new openness campaign is an effort to soften up potential jurors in civil cases. (Visual of Marlboro cigarettes being packaged and people smoking)

Peter Johnson (Attorney): And what they're saying to the jury pool of America is: Listen, we're good guys.

Wolff: President Clinton has never treated the tobacco executives as good guys; yet, he welcomed the news.

President Bill Clinton (United States): This formal acknowledgement comes far too late. But still we must all welcome it. It can be the beginning of clearing the air.

Wolff: The Clinton administration has been trying to get

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the Food and Drug Administration to regulate nicotine as a drug. Now that Philip Morris admits that cigarettes are addictive, it may be hard for the company to argue that its products should not be regulated.

In New York, Kathy Wolff, Fox News.

Cavuto: All the tobacco stocks finishing lower today. Philip Morris was down more than a point. Its lowest level, by the way, all year. (Graphic: TOBACCO STOCKS
Philip Morris 32 15/16 -1 1/16 RJ Reynolds 26 11/16
-3/16 Loews Corp. 72 1/2 -1)

Joining us now from New York City is Steven Parrish. Steven is the senior vice president for corporate affairs at Philip Morris.

Steven, good to have you.

Steven Parrish (Philip Morris): (No audio)

Cavuto: Why did you do this?

Parrish: (No audio)

Cavuto: We're--we are--our apologies. We are not getting audio. Are we getting it now from Steven Parrish? Is he good? All right. We hope to get it to you mo--momentarily.

But, just to review, these tobacco stocks all taking a beating today, a--a big hit. That did not necessarily help the Dow Jones industrials falling better than a hundred and eighty-four points today. Keep in mind Philip Morris among the Dow components, so when it takes a big hit, as it did today, you don't have to be a rocket scientist to figure this does not help that average which has now fallen better than four hundred points in a couple of days here and is within about forty points or so from an official ten percent correction. (Graphic: DOW JONES INDUSTRIALS
10232.16 -184.90 TRANSPORTS 2921.51 -39.98 UTILITIES
296.49 +.90)

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Cavuto: But, back to this tobacco story. The significance of this can not be stressed enough. Philip Morris, at its Web site today, confirming what a lot of doctors and a lot of medical officials have been saying for some time now: that smoking isn't only hazardous to your health; that it can, in fact, kill you. Philip Morris and other tobacco companies in the past have disputed those findings; said that there are some risks and hazards to smoking, but have never said unequivocally as they did today on their site that it can actually kill you. And, as I said, this of

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course, reverberated down to the president of the United States, indicating earlier today that this is something that bears a great deal of watching. The president, of course, welcoming this as a sign that maybe there can be some sort of an agreement on this. The timing is a little curious. Keep in mind the industry collectively has agreed to about a two-hundred-forty-six-billion-dollar settlement with scores of state attorneys general in which they agree to help compensate states who have to care for smoking-related illnesses through their Medicare programs.

The industry itself, though, by making this acknowledgement could be holding itself liable for a whole lot more than the two hundred forty-six billion. At issue here, the national--the national--measure--the national strike against the tobacco companies and a lawsuit shepherded by the Justice Department is meant to make sure that these guys pay up in a much, much larger degree for dangers of smoking.

So we'll be hoping to get that from Steven Parrish, the Philip Morris senior vice president as we get back with him. In the meantime, we'll have a qui--quick break here. Hopefully get him back and spell out what this means to you after this.

(Commercial Break)

Cavuto: All right. I think we're good now. Steve Parrish of Philip Morris.

Steve, can you hear me?

Parrish: OK. Yeah, I can hear you great.

Cavuto: Good.

Parrish: Can you hear me OK?

Cavuto: I can. Why did you do this?

Parrish: Well, we went up on our Web site today for the first time. We've never had a corporate Web site at Philip Morris Companies before. And what we wanted to do was tell people a lot abo--information about our company and our products and our people. And obviously, one of our companies is a tobacco company. And so we wanted to talk about the tobacco issues along with our food businesses: Kraft Foods, which is the biggest...

Cavuto: Now, I know about that...

Parrish: ...food company in North America.

Cavuto: ...but you know what got everyone's attention is

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this acknowledgement that smoking can kill you. You've never said that before.

Parrish: Well, you know we testified in front of Congress in 1998 and talked about our positions on this--these issues and we tried to make it clear then what we felt about the issues of addiction and causation...

Cavuto: No. This is very different...

Parrish: ...but the--

Cavuto: ...Steve. This is very different.

Parrish: Well--

Cavuto: You were much more to the point today. Why?

Parrish: Because we think it is important for us to open a dialogue with the American public about the issues surrounding our products, including tobacco. This is a good-faith effort on our part to open that dialogue...

Cavuto: What does that dialogue...

Parrish: ...because quite frankly--

Cavuto: ...mean? Do you mean do you drop the national lawsuit? What do want to see done?

Parrish: No, it doesn't and I'm happy to discuss that in just a minute, but I just wanted to finish my point that our view is that only by having a dialogue and sitting down and working with people in the public health community can we actually make some progress on tobacco issues because the endless debates need to stop so that we can make some progress. It does not mean that we're going to drop our FDA lawsuit because that proposal is unacceptable. We think Congress never intended to give the Food and Drug Administration the power to regulate cigarettes as medical devices...

Cavuto: Well, let me ask you this.

Parrish: ...as they've proposed.

Cavuto: We only have--we only have a few seconds left here, but I do--I am curious that whether this is really meant to stop people who currently smoke from suing you guys because then they can say: All right. Now the companies have said: Look, you--you get started on this. It's going to kill you. We're absolved from any litigation in the future.

Parrish: No, that's not what this about. This is about

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opening a dialogue with the American public about Philip Morris and our products, our programs and our people.

Cavuto: Do you think others will follow suit?

Parrish: I--I don't know. I haven't spoken to any of them.

Cavuto: All right. Steven Parrish, thank you very much.

Parrish: Thank you.

Cavuto: Steve Parrish is the senior vice president at Philip Morris indicating on their Web site today that smoking is indeed addictive and can indeed kill you. And it weighed on a host of tobacco issues.

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