

**PHILIP MORRIS U.S.A.****INTER-OFFICE CORRESPONDENCE****Richmond, Virginia**

**To:** Distribution **Date:** June 15, 1992

**From:** Mark Kilpatrick, Operations Planning

**Subject:** Manufacture of Rothman's B&H Brands

As you may be aware we have given notice to Rothman's B&H of Canada that we will be taking back our right to sell these products within the U.S. effective mid-November of this year. Accordingly, Operations must prepare a plan for our manufacture of selected RBH brands.

A meeting on this topic has been scheduled for this Thursday, June 18, from 9 to 12 in conference room OC A2W1. The conference room has been reserved until five in the event we need to continue discussions on specific topics.

Our general objective for this and subsequent meetings over the next week or so is:

1. Determine the necessary steps to enable PM USA to begin manufacturing these products by mid-November 1992. Identify key decision dates, cost implications, business/product risks and tradeoffs/disruptions to other activities, clearly stating all assumptions. This plan must be developed for both the RBH cigarette brands as well as for certain fine cut tobacco trademarks.
2. Develop a secondary plan to begin production at a later date (possibly late 1993), identifying interim target dates which could be achieved based on certain key assumptions.

The specific objectives for this first meeting are the following:

1. Update on business situation with RBH and information required - Tim Beane

2053841197

2. Update/discussion of work done and assignment of needed work in the following key areas:

- Leaf procurement/blends
- Materials procurement
- Equipment procurement/rebuild
- Manufacturing location - Primary (including contamination issue)
  - Make/pack
  - Filter making
- Manning/training

Discussion of each of these items should be targeted to meet the November date with the goal of developing time lines and identifying key decision dates, costs, tradeoffs/disruptions, and information needed from RBH with the impact if it cannot be obtained.

As a background for the meeting, I have attached a memo which I prepared for Steve Darrah on the RBH situation and the manufacturing plan developed earlier.

Due to the financial impact of this issue, it is important that we have the first plan as soon as possible. I hope you will be able to attend.

Distribution:

Asmus	Alpen
Tim	Beane
Dan	Bylsma
Al	Collins
John	Korman
Jim	Myracle
Tom	Newman
Bill	Poorbaugh
Bill	Riggan
Linda	Robinson
Craig	Schwartz
Gus	Sledge
Mark	Suter
J.C.	Thwaites
Lou	Turano
Jeanette	Hubbard

2053841198