

Statement of Murray Bring,
Senior Vice President and General Counsel
Philip Morris Companies, Inc.
March 24, 1994

Good morning. I'm Murray Bring, senior vice president and general counsel of Philip Morris Companies Inc. With me today are:

- Steve Parrish, senior vice president and general counsel of Philip Morris, USA, and
- Herb Wachtell, senior partner of the law firm Wachtell, Lipton, Rosen and Katz.

Earlier this morning, Philip Morris filed a \$10 billion lawsuit against the American Broadcasting Companies and several ABC employees for false and defamatory statements made on ABC's "Day One" news show and other news programs.

The suit was filed in the Richmond, Virginia Circuit Court.

The essential allegation by ABC on those broadcasts was that cigarettes are "artificially spiked" with nicotine during the manufacturing process "in order to keep people smoking."

These allegations are not true, and ABC knows that they are not true. The facts are these:

- Nicotine occurs naturally in tobacco leaf;
- Philip Morris does not in any way, shape or form spike its cigarettes with nicotine;
- There is, in fact, a net loss of nicotine during the cigarette manufacturing process. That net loss -- for every Philip Morris brand without exception -- runs 20 percent to 25 percent; and
- The overall nicotine content in cigarettes has declined by more than 50 percent over the last 40 years.

ABC was aware of the facts prior to the February 28 broadcast. ABC chose to ignore the facts.

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After the false statements were initially broadcast, ABC was again informed of the inaccuracies. Yet the statements were repeated, again and again.

As a result of the false and defamatory statements broadcast by ABC:

- the price of Philip Morris stock declined dramatically;
- Members of Congress called for investigations into cigarette-manufacturing processes;
- Commissioner Kessler of the Food and Drug Administration expressed his concern; and
- Even President Clinton stated "that really bothered me when I heard that more nicotine was going in to make sure that people were hooked."

To help set the record straight, this week we met with officials from the Food and Drug Administration, who were given a scientific briefing and tour of our manufacturing facilities.

We will be offering that same opportunity to members of Congress and General Accounting Office officials.

At Philip Morris, we are proud of our products and the people who produce them.

There is no corporation in this country more committed to freedom than is Philip Morris. As the manufacturer of a controversial product, we well understand the importance of all our freedoms -- including a free press that speaks for and to the diversity of this country. But we do, we must, draw the line at libel.

I would now like to introduce Herb Wachtell to discuss specifics of the lawsuit, after which we will be happy to entertain any questions.

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