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FOR IMMEDIATE RELEASE**

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PHILIP MORRIS U.S.A. TODAY ISSUED THE FOLLOWING STATEMENT:

Today Philip Morris U.S.A. joined the four other major U.S. cigarette manufacturers and an advertising firm in filing suit in the U.S. District Court for the Middle District of North Carolina in order to stop the Food and Drug Administration from proceeding on a course of action that clearly is illegal. Philip Morris U.S.A. is the domestic tobacco subsidiary of Philip Morris Companies Inc.

The suit follows FDA Commissioner David Kessler's release of proposed regulations governing cigarettes. The regulations are based on President Clinton's decision to allow FDA to assert jurisdiction over cigarettes under a federal law that gives him power to regulate medicines, medical devices and pharmaceutical products. The purported justification for FDA regulations is to prevent minors from smoking.

On the issue of youth smoking, we share a common goal with all Americans: minors should not smoke and should not have access to cigarettes. We support a number of steps, both voluntary and legislative, that will make a real difference on this issue.

We will fight against the idea that the FDA is the right way to make a difference on youth smoking. We will fight just as vigorously for our alternative program, which combines state level regulation and enforcement with voluntary efforts to make a real impact on this critical social issue.

Having opted to pursue more federal regulation, the Administration has ensured that the more effective and expedient course of cooperative action takes second place to those who want to expand the federal bureaucracy and its unwanted intrusion into the private lives of adult Americans.

The Administration's decision is all the more troubling in light of the fact that Philip Morris, several weeks ago, committed itself to a comprehensive program, Action Against Access, designed to prevent kids from obtaining cigarettes by any legal means. Once all the elements are implemented, the result WILL be a retail

environment where it should only be possible to purchase cigarettes when proof of age can be checked in person.

Just this week, the first packs and cartons of Philip Morris U.S.A. cigarettes came off the manufacturing line bearing the new notice: "Underage Sale Prohibited."

Philip Morris U.S.A. has already discontinued free cigarette sampling to consumers and distribution of cigarettes through the mail in the United States.

Philip Morris U.S.A. is implementing programs to deny merchandising benefits and participation in our retail incentive programs to stores fined for or convicted of selling cigarettes to minors. We are working to place minimum age of purchase signage in over 200,000 retail outlets around the country, and we are working on education and compliance seminars for retailers and law enforcement officials. We also are beefing up our already aggressive efforts to prevent the use of our cigarette brand names or logos on any item marketed to minors, including video games and toys.

These are actions we have been able to undertake on our own. Working with retailers, state policy makers, law enforcement officials and others throughout the United States, we are committed to the enactment of reasonable state legislation to license all retailers who sell cigarettes, accompanied by enforcement mechanisms, notification procedures and strong sanctions for violations. We are also supporting enactment of state legislation to prevent purchase of cigarettes by minors from vending machines, state legislation to ensure that all cigarettes at retail are in sight of or under the control of a sales clerk and the mandatory posting of minimum age signage.

These are among the ways to deal with the challenge of youth smoking without creating the threat to personal liberty and the affront to common sense that the FDA regulation would create.

The stated goal of preventing youth smoking is a laudable one -- but it does not justify Commissioner Kessler's decision to defy 80 years of clearly stated FDA and Congressional policy.

If the goal is to prevent the sale of cigarettes to minors, we believe common-sense approaches will work best. As we said when we announced our program on youth

access, the best way to keep kids away from cigarettes is to keep cigarettes away from kids.

This lawsuit is not about youth smoking. We believe this lawsuit is our only option in the face of an illegal action that, if successful, even Commissioner Kessler has admitted could lay the groundwork for far more radical action in the future -- action that could ultimately lead to more severe restrictions or a ban on the sale of cigarettes to adults.

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