



PHILIP MORRIS USA.

NEWS RELEASE

Corporate Affairs
120 Park Avenue
New York, New York 10017
(212) 880-5000
FAX (212) 907-5361

Contact: Mary Carnovale
(917) 663-2823

PHILIP MORRIS U.S.A. STATEMENT ON SPENDING SETTLEMENT FUNDS TO SUPPORT YOUTH SMOKING PREVENTION PROGRAMS

The issue of youth smoking -- a very serious and complex problem -- has been the subject of intensive public debate over the last several years. This discussion has heightened since the major U.S. tobacco companies agreed to a comprehensive settlement with the states last November. The settlement provides the states approximately \$200 billion in new funding over the next 25 years and the states must now decide how to spend this money.

Philip Morris believes the settlement provides the states an unprecedented opportunity to design and implement programs that can reduce youth smoking. We hope that the states will devote a portion of their settlement funds to pay for a comprehensive state program to reduce use of, and access to, tobacco products by minors.

This kind of comprehensive effort would include advertising campaigns, education in schools, community-based programs that promote positive youth development, and enhanced access prevention and enforcement efforts.

In 1998, Philip Morris U.S.A. created a Youth Smoking Prevention department whose goal is to develop and support programs to help reduce the incidence of youth smoking. We are devoting more than \$100 million this year alone to a substantive and long-term effort that will combine Communication, Education, Community Action and Access Prevention initiatives. Philip Morris U.S.A. is committed to taking responsible action on this issue, just as we are sincerely committed to full compliance to both the spirit and the letter of the Master Settlement Agreement with the states. To that end, we are willing to work with all those who are responsibly committed to achieving a measurable reduction in youth smoking.

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