

**Draft 6/19/01 LOSS VERSION**  
**Privileged and Confidential (jhs)**  
**(with Berlind edits)**

**PHILIP MORRIS USA SAYS SUPREME COURT RULING  
REAFFIRMS NEED FOR NEW FEDERAL REGULATION**

Washington [June \_\_, 2001] – The U.S. Supreme Court today upheld the right of the state of Massachusetts to virtually eliminate cigarette marketing and advertising and promotions at most urban retail stores, a move that Philip Morris USA said would prevent adults who choose to smoke from seeing truthful information about products they consume.

The Court, in a \_ to \_ decision, ruled the state's proposed regulations do not violate the First Amendment or conflict with existing Federal tobacco statutes. The regulations at issue prevent adults from seeing such basic truthful information as price, brand availability and tar and nicotine yields at most stores in urban locations in Massachusetts.

“We joined other tobacco companies in challenging these regulations because we believe they simply go to far and strike the wrong balance between efforts to prevent youth from smoking and allowing adults who choose to smoke from seeing truthful advertising about a legitimate product,” said William S. Ohlemeyer, Philip Morris vice president and associate general counsel.

“By allowing these regulations to stand, the Court has created an environment in which states can prevent tobacco companies from communicating with their adult customers at the time and place where they are entitled to purchase cigarettes.

“Philip Morris has been strongly advocating that Congress pass new legislation that would give the Food and Drug Administration authority to regulate tobacco products.

2085075204