

## EXTERNAL RELATIONS TOPLINE REPORT – JUNE 14, 1999

### STATE GOVERNMENT RELATIONS:

- The Alabama, Nevada, South Carolina, Tennessee and Texas legislatures have adjourned. No legislation having an adverse impact on RJRT was enacted. The Oklahoma legislature will go into special session June 14. Maine has adjourned but will go into veto session on June 18.
- In Alabama, a bill to establish statewide smoking restrictions died with adjournment.
- Gray market legislation has passed in Alabama, Illinois, South Carolina, Tennessee and Texas. Connecticut Governor Rowland has signed legislation that would prohibit importing or selling tobacco products that violate federal labeling requirements.
- MSA Model T legislation has been passed in Alabama and California.
- The Texas legislature defeated a bill that would remove tobacco products from comment i sections of the state's tort codes. This action continues our strong statutory defense against smoking and health litigation.
- An amendment failed in the Connecticut House that would have declared nicotine a non-legend drug.
- The California Senate bill that would have permitted statistical evidence to be used in class action suits against tobacco manufacturers died when it failed to meet procedural deadlines.
- A bill has passed in the Oregon legislature that would repeal the tax exemption for cigarettes distributed in sampling programs.

15 states currently in legislative session; 990 bills have been introduced (by issue):

	<u>Pending</u>	<u>Passed</u>	<u>Defeated</u>		<u>Pending</u>	<u>Passed</u>	<u>Defeated</u>
Tax	40	3	42	Divestment	5		2
Marketing Restrictions	67	5	36	Employment Discrimination	1		1
Smoking Restrictions	47	4	34	Fire-safe Cigarettes	5		
Ingredients Disclosure	12	1	5	Initiative & Referendum	4		
Gray Market	9	12	4	Insurance	3		1
MSA	185	51	135	Lobbying & Ethics	16		
Preemption	8		5	Tax Stamping	18	2	6
Schedule F Legislation	68	7	40	Smoking Cessation	10	1	5
Tort Issues*	18	3	7	Other Tobacco Regulation	37	12	11

\*189 tort bills are being monitored; 18 are important to RJRT.

Prefiled: 1 marketing restriction bill; 1 MSA bill

### FEDERAL GOVERNMENT RELATIONS:

- The Senate Majority Leader indicated that the Democrats will push for an excise tax increase (55 cents proposed by the President) that will likely be used to pay for prescription drug benefits for Medicare recipients. The Senate Appropriations Chairman reiterated that the Senate would not assume revenue from proposals repeatedly rejected by Congress, including proposals to increase excise taxes.
- The reported version of the marked-up Department of Justice Medicare Lawsuit bill did not contain the \$20 million requested by the Administration. The bill specifically prohibited the Department of Justice from pursuing the suit by reprogramming money from other DOJ accounts.
- The House passed the Agriculture Appropriations bill with the FDA receiving \$34 million (no increase from last year) to enforce the age restriction portion of the FDA rule. No tobacco amendments were offered.
- The House version of the Treasury Postal Appropriations bill encourages the Bureau of Alcohol, Tobacco and Firearms to move forward aggressively on efforts to eliminate gray market sales.
- A bill has been introduced that would amend the Cigarette Labeling and Marketing Act to create a uniform labeling system for all entertainment media violence. A bill limiting the use of vending machines to age-restricted establishments was introduced in the House.

### COMMUNICATIONS:

63 media calls were handled in the last two weeks, 721 to date in 1999.

- Completed arrangements for employee events to mark the spin-off, as well as arrangements for distribution of mementos to traders on the NYSE floor. Completed management meeting and edited the videotape for Target Vision.
- Arranged several executive interviews for local/regional reporters covering spin-off. Stories will begin to appear Sunday, June 13.
- Completed copy, approvals and proofreading for Phase I of new RJRT website, which will launch at the time of the spin-off. Phase II, which will among other things, include more information on the Company and enhanced e-mail capabilities will be completed during the balance of the summer.
- Staffed Butler trial and handled media following verdict.
- Working with R&D to assess feasibility of introducing air filtration technology to Greensboro Airport, based on their decision to limit smoking areas in terminal.
- Provided design/AV support to SME, brands (Eclipse, Camel), Finance, R&D and Legal.

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