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**Contact: Media Relations
(804) 484-8897**

Philip Morris USA Lawsuit Prompts Seizure of Counterfeit Cigarettes *PM USA sues Mastic retailers for selling fake products*

RICHMOND, Va. (August 27, 2009) -- Late Wednesday, approximately 300 cartons of counterfeit Marlboro® cigarettes were seized from three Mastic smoke shops to prevent their sale to consumers. Suffolk County Police carried out the search and seizure pursuant to an order by U.S. District Court Judge Leonard Wexler following a lawsuit Philip Morris USA (PM USA) filed Tuesday against three Mastic, N.Y., retail stores on the Poospatuck reservation. The Mastic retailers were among a group of nine stores in New York and New Jersey that PM USA sued for selling counterfeit versions of the company's Marlboro® brand cigarettes.

"The sale of counterfeit cigarettes undermines the value of our trademarks, and Philip Morris USA is committed to taking steps necessary to protect its brands and the legitimate cigarette trade," said Joe Murillo, vice president and associate general counsel, Altria Client Services, speaking on behalf of PM USA.

PM USA conducts periodic marketplace purchases of cigarettes and found each of the defendants selling counterfeit cigarettes during August 2009. As a result, PM USA filed suit in the Eastern District of New York against the following defendants from Mastic:

- Smoking Arrow Smoke Shop, 159 Poospatuck Lane
- Belle Belle Smoke Shop, 174 Poospatuck Lane
- Flying Arrows Smoke Shop, 130 Poospatuck Lane

This lawsuit is the latest in a series of actions PM USA has taken to address counterfeit activity involving its brands. On May 6, PM USA filed suit against Mastic-based Tammy's Smoke Shop for selling counterfeit versions of Marlboro® cigarettes, followed by suits filed on May 18 against seven retailers in New York and New Jersey who also sold counterfeit cigarettes. All told, PM USA has sued

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17 retailers in New York and New Jersey in 2009 for the sale of counterfeit versions of Marlboro® brand cigarettes.

In the lawsuit filed Tuesday, PM USA asked Judge Wexler to grant an order authorizing law enforcement officers, working with PM USA representatives, to search the defendants' inventories of Marlboro® and Marlboro Lights® brand cigarettes and to seize any counterfeit cigarettes found along with any records regarding the manufacture or sale of Marlboro® and Marlboro Lights® brand cigarettes. As part of its argument, PM USA presented facts supporting a potential connection between the distribution of counterfeit products to the various Mastic stores.

The average retail price for Marlboro® brand cigarettes has grown to \$9.56 in New York City, of which \$5.26 is excise taxes*. The counterfeit cigarettes purchased from the retailers did not bear the appropriate tax stamp. As a result, the applicable excise taxes were not paid.

“With its high taxes on cigarettes and the non-enforcement of tax collection on reservation sales to non-tribal members, the New York metropolitan area continues to be an attractive market for contraband cigarette activity,” Murillo said. “Resolving these issues would go a long way toward reducing illegal activity.”

According to U.S. Customs and Border Protection (CBP), cigarettes were ranked ninth among the most valuable seized counterfeit products in fiscal year 2008 -- the first time cigarettes made CBP's top 10 seizures list since 2005.

PM USA takes a number of actions to protect its valuable trademarks, promote the lawful sale of its brands and to safeguard the integrity of the distribution system. Since 2002, PM USA has filed lawsuits against 185 retailers selling counterfeit cigarettes in New York and New Jersey. In addition to litigation, PM USA works closely with law enforcement authorities in a variety of ways to support their efforts to address contraband cigarette activity. These efforts include providing counterfeit cigarette training for law enforcement professionals and verifying the authenticity of its products at the request of law enforcement.

Philip Morris USA is an operating company of Altria Group, Inc. (NYSE: MO). More information on PM USA and its positions on tobacco issues is available at www.philipmorrisusa.com.

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*excise taxes include federal (FET), state (SET) and locality excise taxes