



FLUE-CURED TOBACCO COOPERATIVE STABILIZATION CORPORATION

Tobacco Quota

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Press Release

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Yesterday Philip Morris USA announced an offer to purchase approximately 95 million pounds of the 1997 crop inventory from Stabilization. Stabilization is encouraged by Philip Morris' offer as it demonstrates a willingness to find a solution to the quota problem facing tobacco farmers in 1999.

Philip Morris' offer falls far short of Stabilization's offer and is not better for tobacco farmers and No Net Cost because:

Stabilization's offer is an 18% discount across all grades and types,

Stabilization's 18% discount is tied to annual domestic purchases of 475 million pounds,

Philip Morris' offer of a 15% discount is on a cherry-pick basis,

tobacco farmers need a commitment to the future,

Stabilization already has some commitment to its offer, and

USDA has concerns over offering any discount in the current environment.

Also Stabilization's current offer to the tobacco industry prohibits it from entering into a different agreement with Philip Morris. For an offer to be given serious consideration, such an offer must conform to USDA's and other legal restrictions that prohibit Stabilization from making or accepting an offer with terms and conditions that favor one purchaser over another. Discounts must meet USDA's requirements for use of No Net Cost funds. Stabilization will continue to be receptive to any proposal that benefits both tobacco farmers and all tobacco purchasers.

Stabilization's offer is designed to minimize a quota reduction in 1999 and future years, have a minimal impact on No Net Cost Assessments, offers tobacco at a reasonable price and, most importantly, offers tobacco farmers some sense of stability and future predictability.

On behalf of all flue-cured tobacco farmers, Stabilization encourages all purchasers to continue to search for a solution to the quota problem before next Tuesday's quota announcement.

1946-1996

Fifty Years of Service to the Growers in the Bright Leaf Area