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*JURY IN FTC/ALPINE INDUSTRIES CASE
SETS APPROPRIATE GUIDELINES FOR PRODUCT CLAIMS
Company Founder and President Calls Verdict "Anti-Climatic"
Since Majority of Claims Exist in Discontinued Literature*

GREENEVILLE, TENNESSEE, U.S.A. - It took just a little over three weeks for the 11 jurors in a Greene County, Tennessee, court to declare that Alpine Industries has "competent and reliable scientific evidence" to support some, but not all, of its product claims. The trial between the Federal Trade Commission (FTC) and Alpine Industries focused on material developed from October 2, 1995 through December 31, 1998. The jury found that Alpine's Living Systems could eliminate and clear smoke and tobacco

smoke which are among the most complex contaminants and are difficult to remove. During the course of the trial, the government also conceded that Alpine's air cleaners could eliminate or reduce common odors. "This gets to the heart of what our Living Systems are about, since tobacco smoke encompasses a wide range of particulate sizes and thousands of gases that most often affect most indoor environments," said Alpine Founder and President Bill Converse. "That's pretty strong validation for the core technology behind our products."

Despite a verdict that generally favored the Federal Trade Commission (FTC), Converse said the company achieved much of what it set out to do two years ago when it filed suit against the federal agency.

"We needed clarity and an understanding of what is and what isn't considered competent and reliable scientific evidence.' Following the verdict, we have a much clearer understanding of what this definition is and what science is needed to support the claims and statements used in the marketing and promotion of our products," Converse said.

Converse called the verdict "anti-climatic" because the only promotional material covered by the trial was in distribution from October 2, 1995 through the end of December 1998. Since that time, Alpine has made changes in its marketing material and will make further modifications after review of the final decision. In addition, Alpine has commissioned a number of tests, including studies at Johns Hopkins University and with a private laboratory in Nashville, Tennessee, that were not included as testimony in the current action. This research, Converse pointed out, provides strong support for Alpine's position.

"We have increased our focus on research in recent years, and especially since we were able to get the FTC to divulge which areas were in question, and we have several new studies underway that will further substantiate our claims," Converse said. In 1995, Alpine entered into a consent decree with the FTC, agreeing not to make any unsubstantiated product claims. However, after several years of continued statements by the FTC implying that Alpine was violating the consent decree, Alpine sued the FTC in December of 1998 in an attempt to gain clarity and understanding of what statements were at issue. In spite of Alpine's efforts to obtain this clarification, the FTC sued Alpine in January of 1999, and that is the case decided today.

According to William Erhart, Alpine's lead legal counsel, the next step with the court involves the penalty phase, at which point Alpine will present the following mitigating circumstances: 1) the review of Alpine's customer research and testimonials that show that actual purchasers have one of the highest satisfaction levels (97 percent) of any product on the market today; 2) the numerous actions taken by Alpine to determine what scientific substantiation is required; 3) Alpine's continued efforts in the area of research and new product development as evidence that the company is behaving in a responsible manner.

According to Erhart, an appeal is possible, either in a motion for a new trial or to the

U.S. Sixth Circuit of Appeals. Erhart said an appeal could be built on rulings not to allow as testimony the consumer satisfaction survey or the company's marketing techniques, which allow customers to use Alpine's products for several days before making a purchase. In addition, there may have been some confusion on the burden of proof since the government's main concern centered on whether the product removes smoke, and in that area the jury found in Alpine's favor.

"I can't speculate why Alpine was targeted," said Alpine Co-Owner and Executive Vice President Michael Jackson. "Maybe it was our rapid growth or continued success that attracted their attention. Few companies have held up under such intense scrutiny by the FTC, and I'm proud of the way this company and our people have pushed through it.

"I suspect we're a stronger company, a closer-knit company, as a result. Now that this whole matter is put to rest, we can get back to the business of moving Alpine forward to enhance the indoor environment, at home or work; to being an excellent employer and committed corporate citizen; and to providing a great business opportunity for our dealers."

"We're feeling very positive now that this is behind us," added Converse. "In fact, we're coming off of one of the best fall conventions we've ever had and our business is on the upswing. We've targeted specific growth areas that already are paying off for us, and Alpine is positioned to respond with a great product and solid business model."

Founded in 1987, Alpine Industries is one of North America's leading manufacturers and distributors of residential and commercial indoor environment appliances, or what the company calls "Living Systems". To date, Alpine's network of over 350,000 dealers have sold more than three million Alpine air purification systems, its hallmark line of products. The company employs approximately 700 at its Greeneville, Tennessee, headquarters and was ranked number 84 in the 1998 Inc. 500 List of America's Fastest Growing Privately Held Companies.

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