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WASHINGTON, D.C., JULY 14, 1981 -- Cigarette manufacturers and the Federal Trade Commission have finally terminated a six-year proceeding by agreeing on revised terms for display of the Surgeon General's warning statement in cigarette advertising.

Many of the changes are already generally employed by the industry. They are formalized in a consent judgment signed yesterday by a U.S. District Court judge in New York City.

Cigarette companies began displaying the warning voluntarily in 1971. They entered consent agreements with the FTC a year later covering size, location and other details.

Despite two subsequent reports to Congress that the companies were complying with the agreements, the agency reversed itself in 1975 and began litigation alleging violations.

In the consent judgment signed yesterday, there is no finding of any violation. Nominal payments were agreed to in order to avoid continuing legal expenses which the companies regard as exorbitant.

Horace R. Kornegay, chairman of The Tobacco Institute, said that "While the detailed negotiations covered every conceivable aspect of the conspicuous display of the Surgeon General's warning statement, FTC chose to structure the negotiations in an atmosphere

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of intimidation and threats of huge penalties.

"The fact is that FTC negotiated agreements in 1972 and decided in 1975 that they didn't want to live with them. Instead of admitting that and seeking renegotiation, they chose to sue for supposed 'violations.'

"This is another example of a philosophy at FTC that any means justifies their desired ends. The agency seems to read 'regulation' to mean 'litigation'."

Companies subject to the new consent judgments are American Brands, Brown & Williamson, Liggett Group, Lorillard and Philip Morris. One other company, R.J. Reynolds, has agreed to the format changes but is challenging the payment provision.

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