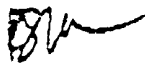


MEMORANDUM

October 4, 1991

TO: James R. Cherry, Esquire

FROM: Robert S. McAdam 

SUBJECT: Initiative and Referenda Costs 1991-92

Per your request, I have compiled a summary of projected costs for initiatives and referenda through the end of this year and for 1992. The list includes only those jurisdictions that we are currently aware of. Other jurisdictions may surface that we will have to account for at a later time. The amounts listed below reflect the entire cost to the industry. The Lorillard share of these amounts will depend upon which of the companies choose to participate in each campaign.

	Expenses Through December 31, 1991	1992
Massachusetts Tax Increase	\$350,000	\$5.0 million ✓
Colorado Tax Increase	\$100,000	\$3.5 million ✓
Oregon Tax Increase	\$50,000	\$3.0 million ✓
Oregon Ad Ban	—	\$1.0 million ✓
Sacramento Smoking Ban Referendum	\$50,000	\$1.5 million ✓
Miscellaneous Local Initiative and Referenda		\$500,000 - -
Total	\$550,000	\$14.5 million

Not listed in this total are the possibility that both Montana and Nebraska could entertain tax increase initiatives the total cost for both states should not exceed \$2.3 million should a threatening initiative develop there.

RSM/mln

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