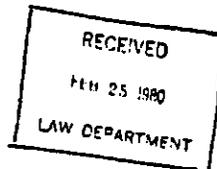


Lorillard

ARTHUR J. STEVENS
SENIOR VICE PRESIDENT-GENERAL COUNSEL
(212) 641-4700



February 22, 1980

Timothy M. Finnegan, Esq.
Jacob & Medinger
1270 Avenue of the Americas
New York, N. Y. 10020

Dear Tim:

Becker/"Tobacco Glycoprotein" (TGP)
Dr. Rodger Bick

Reference is made to your memorandum of February 14, 1980 seeking approval to pay Dr. Bick \$9,718.83, from Special Account #4, for his assay work on the TGP artifact, as more particularly described in the attachments to your letter.

Lorillard will participate in funding its portion of this payment to Dr. Bick through Special 4 - but in agreeing to do so, I am compelled to offer the following observations:

I am aware that in early 1978 Dr. Bick was identified as a potential medical witness, or as a candidate for research work in the public smoking area. I am also satisfied, without sufficient knowledge on my part to assess the scientific merit of his work, that the assay work he has done was intended to be useful and important. I trust that it has turned out, in fact, to be so.

At the same time I am disturbed that Dr. Bick's hourly charges were \$200. That seems to me to be high for a project of this type, and at this initial stage of the Industry's relationship with Bick. I hope it does not represent the minimum level at which any future work would be performed - unless the future work is a major undertaking.

A DIVISION OF LOEW'S THEATRES, INC.
666 Park Avenue, New York, New York 10019

LG 2006048

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The total cost of almost \$10,000 for Dr. Sick's assay work seems to me to be beyond the amount I would normally have contemplated for a project which was not the subject of specific prior approval by the Committee of Counsel members. Work that costs this much money, in my view, should be the object of prior approval - or at minimum, should have been the subject of some interim advice. (If it was, I apologize for not recalling it, and would appreciate your refreshing my lapse of memory).

If any additional work in this area is contemplated by Dr. Sick or others, I suggest that it be a specific proposal, with an estimated budget.

I am mindful of the continuing mandate with which your office, Shock, Hardy and others have been charged by your respective clients on behalf of the Industry; that is, to find witnesses and researchers - and, if necessary in order to determine the feasibility of developing a relationship with them, engage them as consultants, or as researchers on initially modest projects. I have no desire to unnecessarily encumber that mandate, but I do not believe that it contemplates \$10,000 projects about which we knew little or nothing in advance, and for which we are now being asked to pay.

These kinds of "overruns" (as well as those questioned by me in my letter to Bob Northrip and you on January 30, 1980, regarding the Franklin Institute Project), make it very difficult for us to meaningfully budget for our participation in this important aspect of the Industry's work, that is, to attempt to posture ourselves to defend product liability litigation and related attacks on our products.

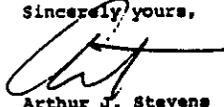
There is one other important practical matter which we feel must be considered. There resides within the Company a good deal of tobacco chemistry expertise. Perhaps some effort should be made by us, as lawyers, to the extent consistent with our concerns about legal privilege and related protections, to more frequently tap that knowledge, by using our own scientists as consultants to our litigation counsel regarding the research methodologies and proposals suggested by those scientists we engage to conduct independent research.

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I earnestly hope I have not over-reacted on this matter, but it seems appropriate to me for us to pause and reexamine our modus operandi in this area. Accordingly, I am asking Tom Ahrensfeld to schedule consideration of the subject at such Committee of Counsel meeting as he deems appropriate.

In the meantime, I'll be happy to discuss the matter with you, and to receive any comments you may have.

Sincerely yours,



Arthur J. Stevens

AJS/pm

cc: Messrs. T. F. Ahrensfeld
A. Holtzman
M. H. Crohn, Jr.
J. H. Greer
A. Henson
E. Pepples
W. W. Shinn
E. J. Jacob
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