1/24/68
6 Gen. Counsel
Hockett

"help in '69
otherwise maybe restrictive legislation

Mason Lab. - $ gone - SAB not meet till March
needs $16M per mo. - to end March - or 3 mos.
- mere gtee
- refund from SAB funds.

RJR
Harris mach. - for - tranquil

(Homburger) O+W
Walton } excited
Mason → not purged between puffs.
subject of misuse

Study of stress

long range inhalation
- 175M - 225M
per annum

Need $ for:
1) combine best features several machines
2) dosage levels
- difficulty with inter-regnum.

Do we want Mason to conduct inhalation experiments with machine or machines no R.D. approves?

Hockett will go abroad soon to inspect their machines.

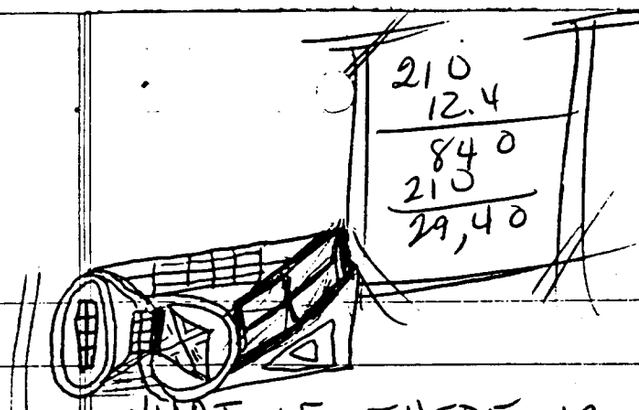
LOOSLI
JACOBSON
SOMERS
LYNCH appt

How lock people in?
CAN'T DISREGARD LEGAL PRACTICALITIES?

- antitrust
- 3x damage cases
- derivative actions

GIVE - BE ASKED TO GIVE MORE IN '69
NO COMMITMENT FROM CONGRESS FOR '69

LG 2015266



2

1/24/68

WHAT IF THERE IS A DIRECTIVE TO REDUCE?

COMMITTED THRU '68.

B&W

can't use '64 - SG

'66-'67 - proliferation - eliminate

'65 most realistic base period

% as if '65

& apply v. '67

$210,000,000 (1967)
42 - 20%
168,000,000
& apply 1965 %

-20% - pretty much same as '65 to

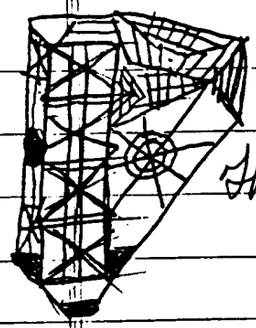
1967 % (4th est)		1965	
22.9	TV	24.8	RJR
20.6	only	20.5	ATC
12.4	(network	11.7	PL ← adv expenses
13.2	& spot)	11.4	L&M
15.1	- Cig only	14.5	PM
15.8		17.1	B&W

1965 %

($192,000,000)

HOW ABOUT NO TV ADVERTISING?

LG 2015267



Then what happens to print? promotion? signs? P.O.S.

NO TV BEFORE 10? - NO - SATURATION
ATHLETICS?

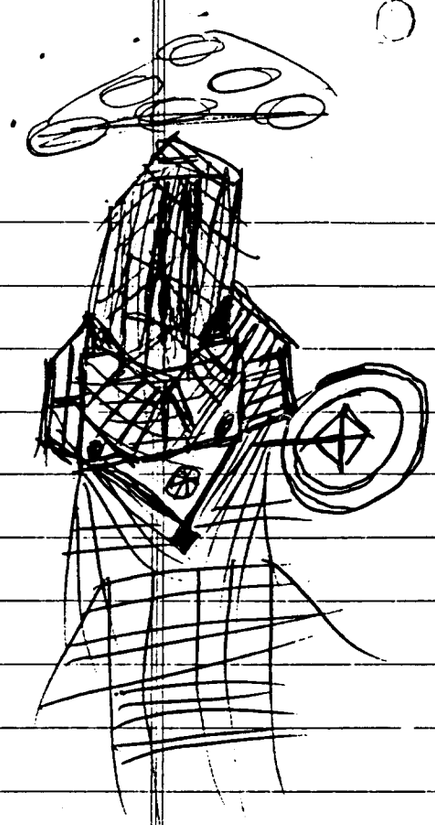
% of sales? (costs, rise)
¢ per thousand less — %.

What % of incr from 1724 in '65 & 210 in '67 is rise in cost.

	'62	'66
RTR	25	23.4
ATC	13.7	18.5
P	19.5	12.7
L M	14.1	15.7
RM	13.4	14.1
B&W	14.3	15.6

GRADUAL RED. (108) OVER 5 YR PER

REDUCTION OF OVERALL EXPENDITU



4.

CONTENT next

Labels, etc.

Nationalization?

LG 2015269

1968

Take 75% of fair base period ad cost per 1000 cys X unit sales in 1,000's on prev year.