

JONES, DAY, REAVIS & POGUE

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October 7, 1999

Stephen Krigbaum
Philip Morris Incorporated
120 Park Avenue
23rd Floor
New York, NY 10017-5592

Thomas McKim
R.J. Reynolds Tobacco Company
401 North Main Street
Winston-Salem, NC 27102

James Wilson
Lorillard Tobacco Company
714 Green Valley Road
Greensboro, NC 27408

Neil Mellen
Brown & Williamson Tobacco Corp.
401 S. Fourth Street
Louisville, Kentucky 40202

Dear Colleagues:

Enclosed is a September 22 statement for time and expenses relating to George Priest's testimony in San Francisco in the Illinois arbitration. Each company's share of fees and expenses is set forth below:

| | Fees | Expenses | TOTAL |
|--------------|--------------------|-------------------|--------------------|
| PM | \$15,822.93 | \$1,970.16 | \$17,793.09 |
| RJRT | 7,734.15 | 963.01 | 8,697.16 |
| B&W | 4,832.56 | 601.72 | 5,434.28 |
| Lorillard | 2,952.86 | 367.68 | 3,320.54 |
| TOTAL | \$31,342.50 | \$3,902.57 | \$35,245.07 |

Please pay Mr. Priest directly.

Sincerely,

Thomas F. Gardner

Enclosure

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