



File in
my NSA file.

Thomas Humber
President & CEO

July 16, 1999

Ron Milstein
Lorillard Tobacco Company
714 Green Valley Road
Greensboro, NC 27404-0529

Dear Ron:

As you undoubtedly know, Philip Morris has now withdrawn support from the NSA as a result of our request for a Senate Ethics Committee review of a political letter sent by Senator John McCain at taxpayer expense. It is somewhat ironic that while the McCain letter was sent primarily to NSA members who opposed the McCain bill, the substance of it was to bash the industry. In fact, my primary concern before initiating our effort was whether we would be accused of whoring for the industry.

Perhaps this will convince the skeptics that the NSA is indeed independent. If the cost of that independence is high, it is also necessary, whether we are able to continue or not. One of the fascinating by-products is that the Philip Morris action has galvanized smokers' rights activists who had previously kept their distance in support of the NSA.

We do intend to continue, for as long as we can maintain a credible and effective resistance. But now we must divert considerable energy to fundraising, and we need as much help as we can get from all those who will continue to support us. We sincerely hope that includes Lorillard.

This has been -- and will continue to be -- a long, brutal and nasty war. The antis have no interest whatsoever in peace. In fact, at the levels at which we fight, activity is intensifying, not subsiding, and the activity is being leveraged by gigantic infusions of money from taxpayer funds, from the settlement and from such sources as the Robert Wood Johnson Foundation and Glaxo Wellcome.

The National Smokers Alliance represents the most successful smokers' rights effort in history, providing leadership, focus and a unique grassroots political approach that adds both substance and volume to the effort. We have become the voice of opposition for the media, as well as a reliable and accurate source of information. We are controversial, but we have, frankly, exploited that to our advantage. Our work exposing Dr. Glantz and others has been exceptionally effective and continues.

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A few specifics about the depth and breadth of our work:

- Earlier this year, we successfully litigated and reversed a smoking ban imposed by the Board of Health in Niagara County, New York. That important precedent already has had a significant impact in New York state and will extend to other areas.
- Our current lawsuit against a smoking ban in Montgomery County, Maryland, will be heard in the fall and has almost 400 named plaintiffs, made up of NSA members, individual restaurant owners, their employees and loyal customers, both smokers and nonsmokers. While that number means very little legally, it means a great deal politically. We worked hard to build that political strength, not only for Montgomery County, but for Washington and Northern Virginia, as well, because the antis are seeking a "regional" approach.
- We were extremely active in this year's Maryland tax battle, and I believe that your lobbyists there will tell you we acquitted ourselves well, providing grassroots support, substantive testimony and effective lobbying.
- As this is being written, the California state auditor is beginning, at the direction of the legislature (and the instigation of the NSA), an investigation of suppressed research by the California Department of Health Services (DHS) that would have been helpful to NSA legislation then pending in the California Assembly. That investigation alone will raise the comparative credibility of the NSA considerably. Our hope is to get the investigation expanded to include misuse of Prop. 99 money and the collusion of DHS with such groups as Americans for Non-Smokers' Rights. If successful, this effort has the potential for significantly restraining the use of taxpayer money to fund anti-smoking efforts. While we have thus far been unsuccessful in overturning California's smoking ban, we have built an organization of several thousand business owners, have created a significant backfire and are responsible for literally hundreds of media stories on problems with the law.
- ***Freedom Line with Mike Hambrick*** is a weekly national radio program owned, produced and sponsored by the NSA. After only 10 programs, it is rapidly gaining a positive reputation with conservative and libertarian groups and with elected officials. It is best described as a conservative/libertarian news magazine program that goes beyond the standard talk show format. We are currently working to expand our station base to 100 markets by the end of the year. In addition to broadcasting a responsible and substantive individual rights message, it is rapidly expanding our ally base for specific political purposes. With guests as distinguished as Nobel Laureate Milton Friedman, scientists Fred Singer and Bruce Ames, and even Drug Czar General McCaffrey, it is a quality effort that elevates the NSA's reputation.

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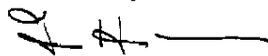
- This week, the NSA filed an amicus brief with the U.S. Supreme Court in a compelled speech case involving the University of Wisconsin. The brief is authored by John Yoo, a professor of constitutional law at the University of California, Boalt Hall. Why are we doing this? Very simply because positive judgments in compelled speech cases will have a substantive effect on reducing the flow of taxpayer money to anti-smoking organizations, as well as curtailing university-supported efforts of people like Daynard and Glantz. I enclose a copy, although I strongly suspect that your daily reading already includes too many briefs.
- You may recall our efforts in Mesa, Arizona, and our close association with a group called the Valley Business Owners (and Concerned Citizens). Several weeks ago, that group, which was formed to fight a smoking ban, defeated, against all odds, a local stadium project, and has altered the political landscape. We care about that because it demonstrates an expansion of a political base we have nurtured which is now being activated against other smoking ban proposals in Gilbert, Chandler and Tempe. Most important, it is a formidable model that we are seeking to duplicate in other areas.
- Last year, working with local NSA members and business owners, we defeated an initiative in Lake Havasu, Arizona, that would have banned smoking. The notable factor in that small effort was the registration of 500 new voters, which had a significant impact on the outcome and provided yet another model of NSA capabilities.

I could go on, regarding the breadth, depth and variety of our work, much of which is invisible, but important. When we help a mother retain custody of her children where her smoking is the issue, we regard that as no less important than our other work, because it is symbolic of what we represent.

Ron, we need whatever help Lorillard can see its way to provide, whether through direct contributions, increased Lorillard employee membership support, requests to suppliers or some form of solicitation of activist customers. I would even like to talk with you about a development project, the Center for Individual Freedom, which might be of some interest to Lorillard's parent or associated companies.

Could I visit with you and others in Greensboro to candidly express our needs, detail our activities and outline our long term potential?

Sincerely,



Enclosure

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