

GOVERNMENT AFFAIRS

1995 Estimate	Fav/(Unfav) \$ vs. 95 Bdgt.	Description	1996 Budget	Fav/(Unfav) \$ vs. 95 Est.	Fav/(Unfav) % vs. 95 Est.
					N/A
10.0	5.0	Salaries	10.0	0.0	
0.2	1.2	Employee Relations	7.4	(7.2)	(3,600.0)
0.4	(0.4)	Maintenance	1.0	(0.6)	(150.0)
7,600.0	(400.0)	Professional Fees and Services	7,800.0	(200.0)	(2.6)
1.5	0.6	Indirect Supplies	13.0	(11.5)	(766.7)
1.5	(1.5)	Postage	0.0	1.5	100.0
0.0	6.0	Telephone	10.0	(10.0)	N/A
25.0	0.0	Corporate Relations	215.0	(190.0)	(760.0)
10,736.0	(3,187.2)	Memberships and Subscriptions	12,712.5	(1,976.5)	(18.4)
489.5	(269.5)	Contributions	1,265.0	(775.5)	(158.4)
42.0	1.5	Incidentals	69.0	(27.0)	(64.3)
0.0	0.0	Capital Proposal Expenses	250.0	(250.0)	N/A
97.5	(0.0)	Travel and Entertainment	227.5	(130.0)	(133.3)
2.5	0.0	Training	5.5	(3.0)	(120.0)
0.0	0.0	Depreciation and Rents	240.0	(240.0)	N/A
19,006.1	(3,844.3)	Total Expenses	22,825.9	(3,819.8)	(20.1)

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PROFESSIONAL FEES & SERVICES
1996 - \$7,800,000

Covington & Burling (State & Federal)	1,200,000
TI Relations Legal Fees	
TMA Relations Legal Fees	
FDA Related Issues	
Excise Taxes	
Advertising Deductability	
U.S. Cigarette Export Restrictions	
U.S. Leaf Import Restrictions	
Domestic Leaf Issues	
ETS - OSHA	
State Issues (Non-Tort)	
Covington & Burling Tort Reform (Includes 45 Consultants)	3,400,000
Tobacco Industry Labor Management Committee	125,000
Tobacco Institute Testing Laboratory	90,000
Hecht, Spencer & Associates, Inc.	850,000
Walter D. Huddleston	144,000
Eugene H. Russell	90,000
State Lobbying	
McBrayer, McGinnis, Leslie & Kirkland (Kentucky)	36,000
Omni Resource Group, Inc. (Georgia)	36,000
Spencer-Roberts & Associates, Inc. (California)	40,000
State Affairs Company	70,000
Walker, Hulbert & Gray (Georgia)	19,000
Initiatives & Referenda	1,700,000
Additional Consultants as Required for Federal, State & Local Issues	200,000
Total	7,800,000

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MEMBERSHIPS & SUBSCRIPTIONS

1996 Budget
\$12,712,500

Association of National Advertisers	20,000
Council for Tobacco Research	5,667,000
Center for Indoor Air Research	1,200,000
Grocery Manufacturers of America	143,000
Pipe Tobacco Council	44,000
Smokeless Tobacco Council	40,000
The Tobacco Institute	5,220,000
Tobacco Merchants Association	151,000
Sub-Total	12,485,000
All Others*	227,500
Examples:	
American Advertising Federation	
American Legislative Exchange Council (ALEC)	
California Distributors Association	
Council for Burley Tobacco	
Kentucky Chamber of Commerce	
Louisiana Association of Business & Industry	
National Foreign Trade Council	
North Carolina Tobacco Growers Association	
Total	12,712,500

**Also includes an additional \$50,000 for expanded state activities and an additional \$50,000 for expanded federal activities.*

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CONTRIBUTIONS
1996 - \$1,265,000

State Trade Associations	\$220,000
Leaf & Community Organizations	120,000
Washington Office Expansion	95,000
Research	80,000
Promotion of Pro Business Issues	<u>750,000</u>
Total	\$1,265,000

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**1996 Promotion of Pro Business Issues
Budget Detail Projection
Total \$750,000**

Policy Organizations¹: Total \$325,000

Citizens for a Sound Economy	Competitive Enterprise Institute
American Legislative Exchange Council	Economic Policy Institute
National Association of Attorneys General	National League of Cities
U.S. Conference of Mayors	National Governors Conference
The Heritage Foundation	The Congressional Institute
Council on Competitiveness	Progressive Policy Institute
Independent Sector	Progress and Freedom Association

Issues Development Committees²: Total \$315,000

\$35,000	Republican Nat'l. Committee	Democratic National Committee	\$25,000
35,000	GOP Senatorial Committee	Democratic Senatorial Committee	15,000
35,000	GOP House Committee	Democratic House Committee	15,000
70,000	GOP Convention Committee	Democratic Convention Committee	25,000
15,000	Reception at Convention	Reception at Convention	15,000
25,000	GOP Presidential Committee	Democratic Presidential Committee	5,000

Inauguration Committee Contributions: Total \$60,000

50,000	Presidential Inauguration Committee (Payable in Dec. 1996 for Jan. 1997)
10,000	Tickets to Events (Payable in Dec. 1996 for Jan. 1997)
\$60,000	

State Campaign Contributions: Total \$50,000

Direct corporation contribution to state campaigns (Governor, state senator, etc.) are permitted in 28 of the 50 states.

Employees' Contributions: \$250,000. B&W employees support a Political Action Committee (B&W EMPAC). In 1995 they contributed approximately \$250,000 to the fund in voluntary donations; it is expected 1996 donations will be at a similar level. The money will be distributed in direct campaign contributions to presidential and congressional candidates. The B&W PAC was federally chartered in 1979 and since that time has contributed to more than a thousand political campaigns.

¹Policy organizations do research or develop public policy positions and may be tax exempt and be sponsored by partisan or nonpartisan entities.

²These committees may accept direct contributions from corporations. The funds may be earmarked for use in developing positions and organizational building activities but not to pay expenses for individual candidate campaigns. These committees are legally separate from the specific election campaign committees of a presidential or congressional candidate.

**GOVERNMENT AFFAIRS
1996 CONTINGENCY BUDGET**

CONTRIBUTIONS	\$300,000
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TOBACCO INSTITUTE

\$10 Million FDA Lobby Campaign - B&W Share	\$2,000,000
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\$10 Million Media Campaign - B&W Share	<u>\$2,000,000</u>
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Total	\$4,300,000
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WASHINGTON OFFICE
Start-Up and Lease Projection

Capital Proposal Expenses

Computers, Phones, Faxes, Voice Mail, Copiers, Etc.	\$75,000
Furniture	100,000
Construction Cost	<u>75,000</u>
Total	\$250,000

Depreciation & Rents

Lease (2300 sq.ft. @ \$104 per sq. ft. per year)	\$240,000
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