STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

Case Type: Other Civil

THE STATE OF MINNESOTA,

COURT FILE NO. C1-94-8565

BY HUBERT H. HUMPHREY, III,
ITS ATTORNEY GENERAL,

and

BLUE CROSS AND BLUE SHIELD
OF MINNESOTA

Plaintiffs,

vs.

PHILIP MORRIS INCORPORATED,
R.J. REYNOLDS TOBACCO COMPANY,
BROWN & WILLIAMSON TOBACCO
CORPORATION, B.A.T. INDUSTRIES
P.L.C., LORILLARD TOBACCO COMPANY,
THE AMERICAN TOBACCO COMPANY,
LIGGETT GROUP, INC., THE COUNCIL
FOR TOBACCO RESEARCH - U.S.A., INC.,
and THE TOBACCO INSTITUTE, INC.,

Defendants.

AFFIDAVIT OF
WILLIAM F. LYNCH, III

STATE OF MINNESOTA)
)ss.
COUNTY OF HENNEPIN)

WILLIAM F. LYNCH, being duly sworn on oath, deposes and states:

1. I hold the position of Records Manager with Philip Morris Management Company. I submit this affidavit in support of the motion by Philip Morris Incorporated for a protective order regarding marketing documents. The facts stated below are known to me of my own personal knowledge and, if called upon as a witness, I would and could testify competently to them.

2. I am responsible for the worldwide records management policy, including document retention and storage practices, for Philip Morris Companies Inc. and its various operating companies, including Philip Morris Incorporated ("Philip Morris"). I have served in this capacity since June 1995.

3. Prior to becoming Records Manager, I was Supervisor of Records Management and Library Services. My responsibilities in that position included supervising the corporate records management program and corporate library services, among other things. I served in that position from November 1990 until I became Records Manager.

4. I understand that Philip Morris is proposing to review and produce documents responsive to the document requests defined as "Marketing Requests" from among the following files maintained by the marketing department:

- All active files maintained by persons within the marketing department holding the title of Executive Vice President, Senior Vice President, Vice President or Director;
- In instances where an Executive Vice President, Senior Vice President, Vice President or Director indicates that he or she relies on a subordinate to maintain files, all active files maintained by that subordinate;
- All active files maintained by the brand manager for the Virginia Slims brand;
- All documents from the marketing department (irrespective of source) that were collected by counsel for Philip Morris in prior collections; and
- All inactive files from the marketing department maintained in storage.

5. Based on the collection and review effort that has been undertaken to

date, I estimate -- conservatively -- that the documents Philip Morris would have to collect, copy and review in order to comply with the offer set forth above would comprise approximately 1.85 million pages. When one includes documents collected during prior collections, that number grows to approximately two million pages.

6. I have worked with company personnel, and reviewed accounting records, in an attempt to estimate the cost of collecting, copying and reviewing (for privilege, trade secrets and responsiveness) the approximately 2 million pages of marketing documents that Philip Morris has proposed to process in order to comply with the offer set forth above. I estimate -- again, conservatively -- that such an undertaking will cost in excess of $14.6 million.

7. I have also sought to analyze the extra cost and burden that Philip Morris would have to incur if it were required to review all active files maintained by all members of the marketing department, beyond those encompassed in the proposal set forth above. I estimate that such an expanded review would add an additional 1.3 million pages to the volume that would have to be processed, and that Philip Morris would incur additional costs in excess of $9.8 million in collecting, copying and reviewing those additional documents.

FURTHER AFFIANT SAITH NOT.

/s/
William F. Lynch, III

Subscribed and sworn to before
me this 22nd day of April, 1996.

/s/
Notary Public