

April 2, 2003

Denise Keane, Esq.  
Senior Vice President and General Counsel  
Philip Morris USA  
120 Park Avenue  
New York, NY 10017-5592

Dear Ms. Keane:

I have reviewed your letter of March 27, 2003 to Washington Attorney General Christine Gregoire, which states that "it is presently uncertain whether Philip Morris USA will be able to make the Section IX(c) payment on April 15." Timely payment of Section IX(c) payments is an integral part of the Master Settlement Agreement (MSA) and was an essential element of our bargain. The MSA further provides, at Section IX(h), Accrual of Interest, that any payment not made shall accrue interest at the rate of the prime rate plus three percent.

With this letter, I am notifying you that failure to make payment in a timely manner will directly impact important state programs. I have determined that a compelling time-sensitive public health and safety concern requires that the 30-day notice period provided in Section VII(c)(2) of the MSA be shortened. If Philip Morris does not make this payment on April 15, I intend to bring an action on behalf of Connecticut to enforce this obligation. Our action may be brought as early as April 16, 2003.

Sincerely,

RICHARD BLUMENTHAL

RB/jb

c: MSA Notice Parties