

LEAVE THE BULL BEHIND

*Winston*

*2005*

*Planning Kickoff*

53228 3977

Like it should be

1st thing come to mind

Plg as a std of my way of life - relaxed/casual

Around a long time - American as apple pie

Like a friend

Quality, tradition, consistency, dependability, respect

Not a bourgeois brand (like Marlboro)

↓  
Trustworthy  
been around  
will be around

What's to like - No Additives (tar & 100%)  
"1 cig. in America"

More Flavor!

Smooth

Everyday stress relief - satisfaction

"Kinship" Winston smokers have

A REAL cigarette.

Winston situation

Distressing things come back into perspective

Leisure - water, pier stroll

Home - "get away" room - comfortable chair, clothes

Beach - waves

Back porch, cold beer, birds' coos... - Comrade, friend, ...

Unwinding... crickets, moon, stars

"All the stresses of the work night evaporate"... - relaxing...

Patio w/ friends, tiki torches, hammock, shoes kicked off,

beer & Margaritas

"Weekend has finally arrived - time to enjoy life"

- Warm summer night, friends, happy relaxed, drinks, conversation  
"a good Winston"

- "kick off your shoes"
- "the porch"
- Winston smokers - "my brethren"

## Color

Red / White - Fireworks on 4th of July...  
 Twins - "Bud & Winston" (King of Smokes)

## Music/Songs

Eagles - Peaceful Easy Feeling  
 Born in USA  
 Country music  
 Brass band - grand & well established  
 3 Day Night - upbeat  
 Fun, upbeat, still relaxing - just like the brand

## Convince a Marlboro smoker

Additive free - smoother, more flavor - a REAL cigarette  
 General feeling of superiority in image to Marlboro  
 - classy  
 - educated / smoker  
 - d. Hermit - above, not "typical" (pedestrian relax brand)

## Other Brands - Amer. Icons, make people happy

John Deere  
 Hamburgers & hot dogs  
 Jack Daniels  
 Harley Davidson

Steak right off grill  
 Local pizza  
 BBQ ribs (Backyard BBQ)  
 Chevy  
 M&D

## Person

Fun, lighthearted, 30's  
Loyal, generous, trustworthy, values solid friendship  
Not flashy  
Good critic  
Honest, hard-working, loyal, kind  
Gets along with everyone  
Male/Female evenly split  
Hair in ponytail, flip-flops  
Convertible  
Enjoying natural, simple, pure pleasures of life

## Mean to you

Quality III  
Loyalty  
American III  
Trust I  
Valued Friend  
Honesty  
Reliability  
Classic

Natural  
Real  
Pure  
Satisfying I  
Taste III  
Smooth

Comfortable  
"Uncle Willie"

## Vacation Adventure

No bull = No additives  
Straight up  
Real truth

mbs

**Winston**  
**2005 Plan Process**  
**6/10/04**

**Background:**

- 2004 Strategy showing potential

*- increase profitability  
- sustain volume  
- hold share*

- Responsive buyer base

- Poised for profitable growth ("The machine")

*→ profitable, powerful long-term way to build a brand*

- Broad appeal/opportunity of additive free

- Low awareness/resonance

*Job is not done*

**Assumptions:**

Portfolio Role: Generate sustainable profitable volume

Opportunity for long-term growth

Winston  
2005 Plan Process  
6/10/04

Objectives:

1. Accelerate the machine
  - Grow UB base, maintain loyalty (Grow loyal core)
  - Grow SOR among OUs
  - Grow OU base among long-term prospects
2. Increase awareness/meaning of additive free and LTBB positioning
3. Build ~~equity and~~ emotional loyalty
4. Efficient allocation <sup>integration</sup> of resources

Opportunities:

- Geographic optimization
- Strengthen emotional impact of idea - *the wheel...*
- Increase consumer engagement
- Increase DM reach
- Ignite advocacy/WOM
- Improve retail communication and voice level
- Leverage strategic partnerships

**Winston**  
**2005 Plan Process**  
**6/10/04**

	1	June 2	3	4	1	July 2	3	4	1	Aug 2	3	4	1	Sept 2	3	4
<b><u>Creative</u></b>																
<b>Initial Devel</b>																
RM		X														
Adv/Event		X				X										
POS		X								X						
<b>Concept Review</b>																
RM		X														
Adv/Event						X										
POS								X								
<b>Qualitative</b>																
Adv/Event/RM							X									
<b>Additional Devel</b>																
RM								X							X	
Adv/Event/POS								X							X	
Other									X						X	
<b><u>Strategic</u></b>																
<b>Topline Brad Strat</b>																X
<b>Functional Area Strat</b>																
Media							X									
Pricing												X				
Rel Mktg												X				
Name gen												X				
Event concept												X				
Other programs												X				
<b>Functional area plans/budget</b>																TBD

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**Winston**  
**2005 Plan Process**  
**6/10/04**

**Key Creative Initiatives:**

1. Next generation advertising – product and image
  - Simplify communication
  - Increase emotional power
  - Increase appeal and interest level
2. Relationship marketing platform
  - Catalyst for higher engagement programming and delivery
  - Ease on-going creative process
3. Retail POS
  - Bring in line with creative
  - Consider size and use of pieces to determine communication elements
  - Optimize impact in current environment
  - Prepare for potentially expanded equity presence
4. Integrated event
  - Support LTBB positioning
  - Generate excitement
  - Support business strategy
    - Quality name generation
    - Facilitate on-going engagement



## Winston 2005 Plan Timing

### Corporate Dates:

Preliminary portfolio strategy	9/6	
Scenario team work	9/13 – 9/20	Potential plan preview discussions/advertising review
Final portfolio strategy	9/27	Includes Preliminary Brand strategies (SOM/Vol/ABC)
Full plan presentation		
FVC	10/4 – 10/11	
LJB	10/25	
SMI	11/8	
Board Mtg	12/15	

### Brand Dates:

#### Plan Devel

Strategic deck – JJM	on-going	
Strategic deck – FVC	9/13 – 9/27	Potential preliminary reviews
Plan details, financials complete	10/4	

#### Creative Devel

Review mats	on-going	
Review all/plan discussion	9/9 – 9/10 (NYC - with JJM)	
Boards complete	9/20	
Minor revisions	9/27 – 10/25	
Board mtg materials	11/15	

## Preliminary Materials Listing

### General (boards)

-1 to 3 set-up/strategy boards (content to follow)

### Advertising (boards - 1 ad per board, RS size)

- \* - Color illustrations – all new executions, page format
- \* - Color illustrations – 3 new executions from above, with 1/3 page counterpart
  - Two existing 2004 page ads with new 1/3 page counterpart
  - All existing 2004 ads – page format
  - One existing 2004 ad with 1/3 2004 page counterpart

\* • New product ad - page  
- 2 existing product ads - page

### Poker

- \* • Page ad with code
- \* - Website related content boards (1-3 pages)
  - DM comp (intro mailer with poker, bonus codes – custom format)
  - DM postcard
  - Pack insert with code (comp) *Revise*
  - SGS carton insert with code/SGS code

### Island

- \* • Page ad with tip-in entry card
- \* - Website related content boards (1-3 pages)
  - DM comp (custom format with entry and mini CD)
  - DM postcard
  - 3D pack printed cello comp with pack insert (*Island goods rollback*)
  - Illustration of counter take one easel
  - Illustration of CTS standee

### Website (boards)

- \* - Home page/intro
  - Product info
  - WE – home + 1 to 3 additional (TBD) *Continuity*
  - Additional boards to show other important content based on site (recipes, streaming radio, etc.)

*- Current website - home - prod home - WE home / goods*

### **DM (comps)**

- Welcome flow (2-3 pieces – direction to follow)
- Birthday card
- Surprise and Delight item (TBD)
- Example board of on-going content ideas for RMP

### **Retail**

- \* - POS Comps – full size, 2-3 pieces (depending on creative)
- \* - Board showing POS in context vs. current
- \* - "Weekender" \$1/2 pks promo – 3D comp
  - 2 Packs in sleeve, name gen insert, white carton and insert POS
- \* - "Weekender" \$2/ctn promo – 3D comp
  - Promotionally printed carton, insert

Plan Decks

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FVC 10/19/04

# LEAVE THE BULL BEHIND

# Trans-ton

- Set up page

-15 m kts

57-1

- CTS
- Database delivery

Byte base...

# 2005 Plan

> Reallocate Advs / one sheet spend

Re-Enact

> CTS Promcs

> Pricing Reserve

10-19-04

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# WINSTON 2005 PLAN

- Role: generate sustainable, profitable volume
- Objective: Optimize mix of profitability and share

## TOTAL WINSTON

	<u>2004 Plan</u>	<u>2004 LE</u>	<u>2005 Baseline</u> (2)	<u>2005 Plan</u>
(3) ABC	414	463 (1)	416	416 (3)
- ABC/M	28.54	31.11	30.02	28.92
(1) Volume	14,505	14,871	13,853 (3)	14,386*
(2) SOM	4.24	4.17	4.02	4.12 (4)

Disc. Reserve = 40  
Q4 Pricing test/Coverage/Contract/CTS = (19)  
Redemption 9  
Terms/Partners 7  
Volume 11

Pricing  
Net 20 F&V

\* EC - shipments TBD

Approach: Strategy is waiting  
1. Optimize / make tools work harder  
2. Set brand up for future  
+ buyer base  
+ ideas

Retail: Performance Metrics:

	Share	\$MM
Incremental Disc (\$1.00)	.07	15.5
Incremental Disc (\$0.50)	.02	5.7
CTS Promotions (Nat'l)	.01	4.0
CTS Promotions (Geo)	.01	2.3
Pricing Reserve	TBD	7.9
	.11	35.4

## Key Strategies

### 1. Launch Relationship Marketing Platform

Objectives	Details
Hold buyer share Increase SOR ⇒ Create a long-term brand asset	Integrated web/dm/email approach Interactive, fun, value-added Strong delivery of brand image

*Doral Co Analogy*



#### INSIDE WINSTON

Come Inside Winston – it's the ultimate place to Leave the Bull Behind. A virtual destination, it's every place you've ever gone to get away and every good time you've ever had while you were there. So Get Inside Winston...and Leave the Bull Behind.

*Tools / business drivers  
woven throughout idea*

- start partnerships
- continuity
- audits
- recipes
- interaction

2666 8228

*Not just the products  
but the Idea*

*Keep strategy delivery  
Keep RM machine we  
built this year humming*

*cohesive, sustainable  
Idea*

*- springs from positioning  
- same as basis for  
on-going*

*Creating the  
world of Winston*



## Key Strategies (cont.)

### 2. Fuel RMP with high engagement / broad reach programs

*high reach  
road*

- Poker At Our Place

Objectives	Details
Build OU base Generate new names to database Frequent, ongoing engagement	Introductory period (Mar-Jul) Ongoing execution throughout 2005 Practice, play and win online Codes via DM, media, website Poker continuity/auction items

- Winston's Island Getaway

Objectives	Details
Generate broad positioning awareness Support/provide content for RMP into 2006	Aug-Nov Enter with friends Island continuity items Supported via DM, on-pack, media

## Key Strategies (cont.)

### RMP Performance Metrics:

— 24 hit into 1H

	<u>2003</u>	<u>1H 2004</u>	<u>2005 Plan</u>	<u>chg</u>
	%	%	%	
UB Buyer Share	3.9	3.6	3.7	+0.1 pp
UB SOR	94.5	95.2	95.9	+0.7 pp

	<u>2003</u>	<u>1H 2004</u>	<u>2005 Plan</u>	<u>chg</u>
	%	%	%	
OU Buyer Share	1.9	1.3	1.6	+0.3 pp
OU SOR	16.7	19.6	21.5	+1.9 pp

Source: Tracker

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## Key Strategies (cont.)

### 3. Increase proposition awareness/understanding

- Retail

- Updated POS with priority delivery of: trademark, AF message, brand image
- Specific pieces for CTS to support key initiatives

- Print

- Focused on 3 key communication needs:
  - » AF awareness
  - » Poker awareness/code distribution
  - » Island awareness/entry

- Signage

- 9 months, key metros and surrounding suburbs

- Part of 2004 plan  
- Cut spending in half  
- Eliminated on-going equity campaign  
- Using as strategic tool to activate buybase & get awareness on key communication areas

Current POS →

← New print ads

12 Month return...  
is it most efficient means...

### Performance Metrics:

	<u>2003</u>	<u>1H 2004</u>	<u>2005 Plan</u>
Additive Free	32.8	29.4	33.8
Nat. Tob. Taste	24.4	25.2	29.0
Smooth Tasting	16.2	19.2	22.1
Leave Hassles Behind	13.6	15.3	17.6

Source: Tracker

## Key Strategies (cont.)

current assumptions: +26% in names (pre re-targeting)  
\$40mm

### 4. Optimize DM delivery

- Geographic – performance, ASP
- Maintain frequency, adjust # of coupons delivered  
*minimize impact on ~~ROI~~ effectiveness*
- Add other value / improve equity delivery

### 5. Apply geographic discounting and CTS promotions to efficiently defend volume/share loss to Lowest

*Familiar*

- Immediately address declining markets to improve ASP gap to Lowest
- Seek optimal mix of pricing and promotion
- Monitor trends/causals across building-blocks & by class-of-trade

*Building blocks...*

*CTS...*

## Retail: Promotion Plan

- CTS outlets declining nationally

	<u>PK</u>	<u>TC</u>	<u>CTS</u>	<u>Total</u>
YTD Ann SOM Trend	-.09	+.22	-.20	-0.8
% Vol	70	12	18	100

- 20 BBs (65% vol) with accelerated declines in CTS (-.62)

	<u>BBs</u>	<u>Offer</u>	<u>Qty per</u>	<u>Overlay</u>
4 <u>Nat'l</u> CTS Promotions	38	\$2/ctn	500M	Support key initiatives
4 <u>Geo</u> CTS Promotions	20	\$2/ctn	230M	Support key initiatives

## Retail: Other Initiatives

- Catalina

- Provide high levels of incremental competitive trial
- Increase SOR among OUs

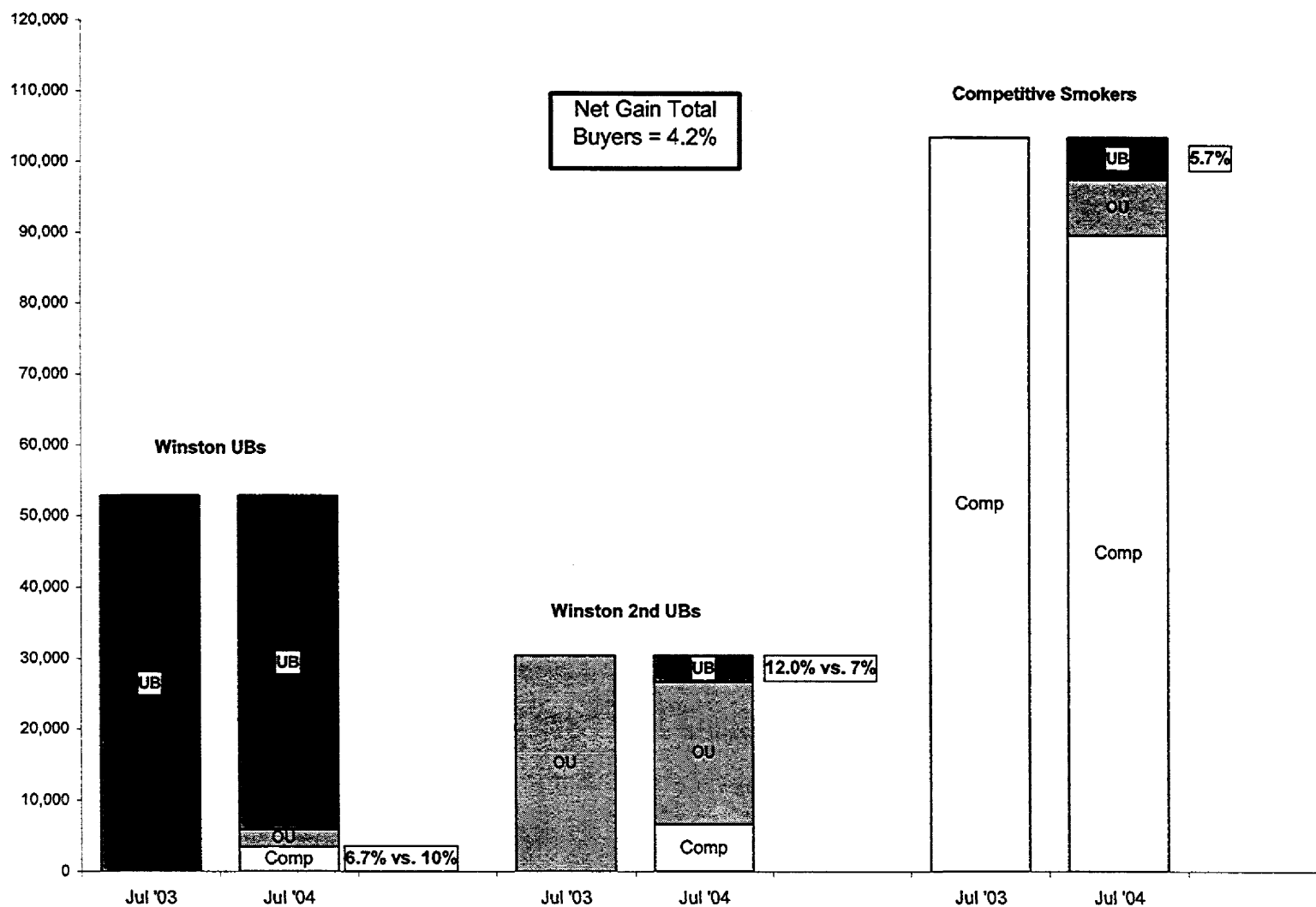
	<b>PV</b> <b>(MM)</b>	<b>SS Vol</b> <i>(net of DM)</i>	<b>TC Trend</b> <i>(8-mon ann)</i>
2004 Results	291	+15M Ctns/wk	+.22

### 2005 Program

- 13 cycles → Marl pack/ctn buyers ; Franchise pack buyers
- \$3/ctn cpn in high SET and declining states
- Reduce coupon value to \$2/ctn in low SET states
- Incorporate learning from Q4 '04 conversion test

# Direct Marketing

- DM showing ability to improve attrition, increase SOR and convert competitive smokers



Source: AML Buyer Analysis

6668 82285

Source: <https://www.industrydocuments.ucsf.edu/docs/jtbj0224>

# Direct Marketing

- Redemption / PV levels strong among all groups and growing among OU/Competitive
- Franchise Redemption declining. However, Unique Responders growing
  - # coupons increased from 3 to 4 / mailer

	May '04	May '04 vs. Sep. '03
<b>Mailfile</b>	2,486	18%
<b>Redemption</b>		
Franchise	35%	- 13 pp.
OU	22%	+ 2 pp.
Competitive	14%	+ 1 pp.
Total	18%	--
<b>Unique Responders</b>		
Franchise	46%	+ 4 pp.
OU	24%	+ 1 pp.
Competitive	16%	--
Total	22%	+1 pp
<b>PV</b>		
Franchise	83	+ 23%
OU	146	+ 53%
Competitive	132	+ 56%
Total	360	+ 46%



## Direct Marketing

	Qty Avg Month		tot PV			
	04	05	04	05		
Ret	<del>1.3</del> .3	.4	1144	1055	(8%)	> Fran (14%)
SOR	.8	1.0	1833	1593	(13%)	
CVO	1.4	1.8	1868	1827	(2%)	> Comp (2%)
	2.6	3.2	4846	4477	(8%)	

- Optimize PV by:
  - Rebalancing PV offered
  - Adjusting state-level coupon values to address share performance, coupon redemption and state ASP dynamics

	<u>2004 LE</u>	<u>2005 Plan</u>	<u>Chg</u>	
Mailfile Qty (MM)	2,549	3,223	+ 26%	
Franchise <del>to</del> coverage	52%	58%	+ 12%	
# Coupons (Franch/OU/Comp)	4/6/6	3/5/5	- 1/1/1	
PV (MM)	4,846	4,477	- 8%	(-2% comp)

- Create strong engagement with sustaining offers/frequency

	<u>IPV mailers (regular)</u>	<u>IPV mailers (custom)</u>	<u>Postcards (teaser)</u>
Franch	10	2	2
OU	10	2	2
Comp	10	2	2

– Welcome series prior to first IPV mailer for new names

## Email

- Provide first, efficient communication of key initiatives
  - Monthly emails
  - Links to insidewinston.com for participation in key programs
  - Equity support
- Develop welcome series
  - Quickly inform of addition to database
  - Overview of brand programs
- Performance metrics:

	<u>2004 LE</u>	<u>2005 Plan</u>	<u>% Chg</u>
Email Addresses (M)	670	805	+20%
% of AML	21%	25%	+4 pp.
Open rate	22%	25%	+3 pp.
Click-through rate	23%	30%	+7 pp.

## Website

- Build as foundation for key programs (Escapes, Poker, Island)
- Leverage current technology to enhance experience/engagement
- Frequent updates to maintain relevancy

## Continuity

- Continue current Winston Escapes concept:
  - Quarterly destinations (Goods & Sweeps)
  - Support in DM/Email
  - Continue to develop strategic partnership offers
- Increase participation/engagement
  - Offer "loss leader" items to Comp smokers
  - Showcase 4-5 permanent items
  - Bonus UPC proofs in DM and pack/carton inserts

18% Total Spend  
 79% Equity Spend (incl DB)  
 25% of 40MM non-priority  
 spend

## Advertising

- Focused support of key initiatives to activate extended buyer base:
  - AF awareness (55% of plan)
  - Poker awareness / code distribution (25%)
  - Island awareness / entry (20%)

## Print

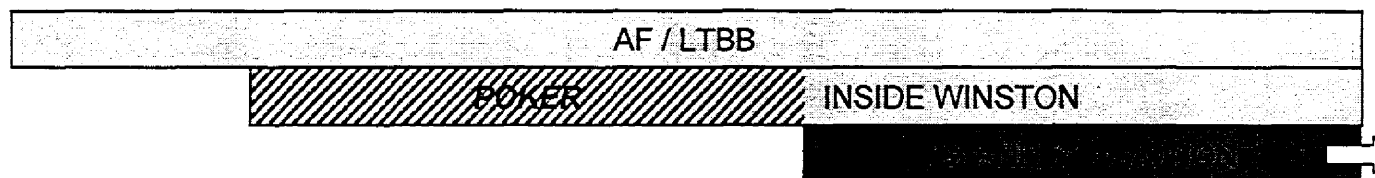
<u>Duration</u>	<u>Target</u>	<u>Titles</u>	<u>Ins</u>	<u>Avg. Monthly</u>	
				<u>Reach</u>	<u>Freq</u>
Feb-Sep	OU/Comp 25-39	21	121	53%	2.3

## Retail Signage

	<u>2004</u>	<u>2005 Plan</u>
Markets	48	54
Months	9	9
Signs/month	4,200	4,465

# Communication Plan

Jan   Feb   Mar   Apr   May   Jun   Jul   Aug   Sep   Oct   Nov   Dec



**POS**

2004 creative

new creative

**Catalina**

**Carton Promotions**

**On-Pack Equity Support**

**DM/Email**

**Web**

Current

**Print**

**One-Sheets**

LEGEND:



Brand Equity

**2005 Operating Budget Rollup  
Winston**

	2004 Budget	2005 Budget	
	<u>Oct. Outlook</u>	<u>PLAN</u>	<u>Diff v. '04 LE Notes</u>
<b><u>Advertising</u></b>			
Print	\$ 18.2	\$ 9.5	\$ (8.7) 8-mo plan ; 21 titles ; 53% avg Reach ; 2.3 avg Freq
1-Sheets	1.7	3.0	1.3 9-mo plan ; 54 markets ; 4,400 signs/mo
Production	1.2	0.5	(0.7)
	<u>21.1</u>	<u>13.0</u>	<u>(8.1)</u>
<b><u>Retail</u></b>			
POS	0.2	0.6	0.4 Module qty + 4 mo overrun at avg usage ; limited items
PDI			- .500 PDI ; .025 chain art ; .100 fonts/labels
Catalina	3.6	4.0	0.5 3MM+ Marl pack/ctn triggers / mo ; 200M+ Fran pack triggers / mo (\$0.078 ea)
Freight/Other	0.4	1.3	0.9 100 freight/other ; 1.200 inserts/onserts prod
	<u>4.2</u>	<u>5.9</u>	<u>1.7</u>
<b><u>Relationship Marketing</u></b>			
Production / Postage	10.3	13.6	3.3 54MM pieces (IPV mailers, postcards, b-day, welcome series
E-mail	-	-	-
Agency Production / Sweeps	0.3	1.0	0.7 .082 web matl's ; .700 web hosting (Poker/Island) ; .250 Island exec.
TDM /Response Mechanisms	2.2	1.5	(0.7)
	<u>12.8</u>	<u>16.1</u>	<u>3.3</u>
<b><u>Other Equity</u></b>			
Continuity	0.8	1.3	0.5 Escapes (1.245) & Poker (.078) items ; higher participation/redemption
Agency	1.1	1.1	-
Brand Research	0.1	0.1	-
	<u>2.0</u>	<u>2.5</u>	<u>0.5</u>
<b><u>Total Brand Equity</u></b>	<u>40.0</u>	<u>37.5</u>	<u>(2.5)</u>
<b><u>Pricing</u></b>			
- Discounting	621.3	642.0	20.7 base disc (611) + incr disc (31)
Discounting Reserve	-	7.9	7.9 address SOM trends in "watch" states as necessary
Pricing Promo	3.6	6.3	2.7 4 nat'l CTS promos (4) ; 4 geo CTS promos (2.3)
- Direct Mail	93.4	82.8	(10.6) redemption
Trade Direct Mail	3.6	1.5	(2.1)
whf - Catalina	2.1	4.1	2.1 \$3/ctn high SET or declining mkts ; \$2/ctn low SET & reten ; Comp/Franch
<b><u>Total Pricing</u></b>	<u>724.0</u>	<u>744.5</u>	<u>20.6</u>
<b><u>Total Brand Equity and Pricing</u></b>	<u>764.0</u>	<u>782.0</u>	<u>18.1</u>

9004 8228S

Tot DM

2004  
103.7

new  
2005  
107.9

### Hit/Wish List - Winston

Hit List				
Program	Gross Cost	Vol Loss in \$	Net P&L	Other Impact
Switchback mailer	0.3	-	0.3	
Software development and hosting - streaming radio	0.2	-	0.2	loss of online interaction mechanism
Welcome series: 1 vs. 2 / lower cpns	0.8	(0.3)	0.5	less brand information conveyed up front
Reduce 1-sheet markets	1.0	-	1.0	equivalent of 18 markets
No custom mailers	1.6	-	1.6	awareness impact on Poker/Island
Reduce franch component of Catalina from 13 to 6 cycles	1.2	(0.9)	0.3	lost reach of extended bb
Reduce workplan mailers to 10	15.0	(13.5)	1.5	reduced frequency of comm
Eliminate Integrated Promotion (Island)				
- Software devel/hosting	0.2	-	0.2	
- Execution	0.3	-	0.3	
- Inserts (pk/ctn) ; easels/standees/takeones	0.4	-	0.4	proposition awareness ; name generation
Eliminate non-Poker media				
- Print (6-months)	6.7	-	6.7	AF/Island awareness ; realization of AF mkt opportunity (10% FPNM)
- Signage (7-months)	2.3	-	2.3	AF/Island awareness ; realization of AF mkt opportunity (10% FPNM)
	29.9	(14.7)	15.2	

Wish List				
Program	Gross Cost	Vol Inc in \$	Net P&L	
Competitive DM B1G1F coupons (pending July test)	(5.0)	-	(5.0)	Incremental vol impact TBD
Reminder postcards (Poker/Island)	(1.3)	-	(1.3)	reinforcement/awareness
Birthday mailer to Franchise	(2.2)	-	(2.2)	franchise value-add ; loyalty
SGS mailer to franchise	(0.8)	-	(0.8)	database strength
Incentive mailer to non responders - prior to retargeting	(1.8)	0.5	(1.3)	database strength
Birthday Mailer to OUs/Competitive	(5.7)	-	(5.7)	ou/comp value-add
S&D mailer to Franchise	(1.9)	-	(1.9)	franchise value-add
Advocacy - focus on RET/Mavens	(0.4)	-	(0.4)	database strength
Incremental Poker media (10 spreads ; 12 pages)	(1.6)	-	(1.6)	greater engagement among extended buyer base
	(20.6)	0.5	(20.1)	

## Winston Rollup

	<u>2004</u>	<u>2005</u>	<u>Y-O-Y Var</u>	<u>2006</u>	<u>Y-O-Y Var</u>	<u>2007</u>	<u>Y-O-Y Var</u>	<u>CAGR</u>
Total Volume	14,871	14,386	(485)	13,862	(524)	13,294	(568)	-3.7%
Total Share	4.17%	4.12%	-0.05%	4.07%	-0.05%	4.02%	-0.05%	-1.20%
Total Equity	40	38	(3)	36	(1)	35	(1)	-4.3%
Total Pricing	723	745	21	727	(18)	698	(28)	-1.2%
Total ABC	463	416	(47)	391	(25)	373	(18)	-6.9%



Financials

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# Winston

	10/19 Version	10/25 Version	Change
Media	13.0	-	(13.0) 0.5 to retail production, 11.5 to DM, 1.0 to Disc.
Retail	5.9	6.4	0.5 Misc. production formerly in media
DM Prod. & Post.	13.6	17.3	3.7 From media
Other equity	5.1	5.1	-
<b>Total Equity</b>	<b>37.5</b>	<b>28.7</b>	<b>(8.8)</b>
Direct Mail	82.8	90.6	7.8 From media
Discounting	642.0	653.1	11.1 See below
Discounting Reserve	7.9	-	(7.9) Moved to discounting
CTS Promotion	6.3	4.0	(2.3) Moved to discounting
Catalina	4.1	4.1	-
TDM	1.5	1.5	-
<b>Total Pricing</b>	<b>744.5</b>	<b>753.3</b>	<b>8.8</b>
<b>Total Spending</b>	<b>782.0</b>	<b>782.0</b>	<b>(0.0)</b>

Note: Revised DM plan actually took full \$13MM from media. This was reduced to \$11.5MM in order to cover \$1 MM needed in Discounting and 0.5MM remaining in agency production (moved to retail so media line would be \$0)

Geographic Discounting:			
	From	To	Dollar Impact
FL	\$ 1.00	\$ 1.50	\$ 2.6
MN	\$ 1.00	\$ 1.50	\$ 0.4
SC	\$ 1.00	\$ 1.50	\$ 1.0
OH	\$ 1.00	\$ 1.00	\$ -
TX.	\$ 1.00	\$ 1.50	\$ 1.4
AL	\$ 0.50	\$ 1.00	\$ 0.8
AZ/NM	\$ 0.50	\$ 1.00	\$ 0.7
MS	\$ 0.50	\$ 1.00	\$ 0.5
NV/UT	\$ 0.50	\$ 1.00	\$ 0.3
WA	\$ 0.50	\$ 1.00	\$ 0.4
NY	\$ 0.50	\$ 1.00	\$ 0.7
OK	\$ 0.50	\$ 1.00	\$ 0.6
MT/ND/NE/SD/WY	\$ 0.50	\$ 1.00	\$ 0.3
PA/WV	\$ 0.50	\$ 1.00	\$ 1.4
<b>Total Change</b>			<b>\$ 11.1</b>

DM	10/19 Ver.		10/25 Ver.
	2004	2005	2005
Pricing	93.4	82.8	90.6
Prod/Post	10.3	13.6	17.3
<b>Total</b>	<b>103.7</b>	<b>96.4</b>	<b>107.9</b>
PV	4,846	4,526	4,923
AML Qty	2,549	3,223	3,653
Ret	318	408	408
SOR	810	987	1,037
CVO	1,421	1,828	2,208

# Business Unit Rollup - AOFP

	<u>2004</u>	<u>2005</u>	<u>Y-O-Y Var</u>	<u>2006</u>	<u>Y-O-Y Var</u>	<u>2007</u>	<u>Y-O-Y Var</u>	<u>CAGR</u>
Winston	14,871	14,386	(485)	13,862	(524)	13,294	(568)	-3.7%
<b>Total Volume</b>	<b>14,871</b>	<b>14,386</b>	<b>(485)</b>	<b>13,862</b>	<b>(524)</b>	<b>13,294</b>	<b>(568)</b>	<b>-3.7%</b>
	<u>2004</u>	<u>2005</u>	<u>Y-O-Y Var</u>	<u>2006</u>	<u>Y-O-Y Var</u>	<u>2007</u>	<u>Y-O-Y Var</u>	<u>CAGR</u>
Winston	4.17%	4.12%	-0.05%	4.07%	-0.05%	4.02%	-0.05%	-1.20%
<b>Total Share</b>	<b>4.17%</b>	<b>4.12%</b>	<b>-0.05%</b>	<b>4.07%</b>	<b>-0.05%</b>	<b>4.02%</b>	<b>-0.05%</b>	<b>-1.20%</b>
	<u>2004</u>	<u>2005</u>	<u>Y-O-Y Var</u>	<u>2006</u>	<u>Y-O-Y Var</u>	<u>2007</u>	<u>Y-O-Y Var</u>	<u>CAGR</u>
Winston	40	29	(11)	28	(1)	27	(1)	-12.4%
<b>Total Equity</b>	<b>40</b>	<b>29</b>	<b>(11)</b>	<b>28</b>	<b>(1)</b>	<b>27</b>	<b>(1)</b>	<b>-12.4%</b>
	<u>2004</u>	<u>2005</u>	<u>Y-O-Y Var</u>	<u>2006</u>	<u>Y-O-Y Var</u>	<u>2007</u>	<u>Y-O-Y Var</u>	<u>CAGR</u>
Winston	723	753	30	735	(18)	706	(29)	-0.8%
<b>Total Pricing</b>	<b>723</b>	<b>753</b>	<b>30</b>	<b>735</b>	<b>(18)</b>	<b>706</b>	<b>(29)</b>	<b>-0.8%</b>
	<u>2004</u>	<u>2005</u>	<u>Y-O-Y Var</u>	<u>2006</u>	<u>Y-O-Y Var</u>	<u>2007</u>	<u>Y-O-Y Var</u>	<u>CAGR</u>
Winston	463	416	(47)	391	(25)	373	(18)	-6.9%
<b>Total ABC</b>	<b>463</b>	<b>416</b>	<b>(47)</b>	<b>391</b>	<b>(25)</b>	<b>373</b>	<b>(18)</b>	<b>-6.9%</b>

53228 4011

Spend Summary

	<u>2004</u>	<u>2005</u>	<u>Change</u>
Advertising	21.1	-	(21.1)
Retail	4.2	6.4	2.2 Catalina trigger cost 4, POS 0.6, insert/onsert/other production 1.8
Relationship	14.8	22.3	7.6 Postage & production 17.3, web/continuity/sweeps 2.4, research 0.1, agency fee 1.1, TDM 1.5
Event/One To One	-	-	-
Total Equity	<u>40.0</u>	<u>28.7</u>	<u>(11.3)</u>
Pricing:			
DM	99.1	96.2	(2.8) 2005 = DM 90.6, TDM 1.5, catalina redemption 4.1
BSGSF	-	-	-
Discounting	624.9	657.1	32.1 2005 = Base 617, Geo incr. 32, 40% dealback 4, CTS promo 4
Total Pricing	<u>724.0</u>	<u>753.3</u>	<u>29.3</u>
Total Spending	<u>764.0</u>	<u>782.0</u>	<u>18.0</u>

107.9

103.7

# Reconciliation of 2004 Plan to October LE

	2004 Plan	2004 LE	Variance
Volume	14,505	14,871	366
ABC	\$ 414	\$ 463	\$ 49
ABC/M	28.53	31.11	2.58

	/m 2004 Plan	/m 2004 LE	fav (unfav) Variance	\$ impact
Terms/Partners	4.36	3.88	0.48	7.0
Pricing Promo	-	0.24	(0.24)	(3.5)
Discounting	40.65	41.73	(1.08)	(15.7)
Discounting Reserve	2.77	-	2.77	40.2
Coupon Redemption	7.30	6.69	0.61	8.9
Settlement	24.76	24.72	0.04	0.6
Variable Costs	7.58	7.47	0.10	1.5
Equity	2.65	2.76	(0.10)	(1.5)
			2.58	37.5
Volume Impact				11.4
				48.9

**2005 Operating Budget Rollup  
Winston**

2004 Budget				2005 Budget			
	PLAN	Oct. Outlook	Diff	PLAN	Diff v. '04 LE	Notes	
<b>Advertising</b>							
Print	\$ 17.5	\$ 18.2	\$ 0.7	\$ -	\$ (18.2)		
1-Sheets	1.0	1.7	0.7	-	(1.7)		
Production	1.5	1.2	(0.3)	-	(1.2)		
	20.0	21.1	1.1	-	(21.1) Schedule 1		
<b>Retail</b>							
POS	0.9	0.2	(0.7)	0.6	0.4 Schedule 2, 9	Module qty + 4 mo overrun at avg usage ; limited items	
Catalina	4.1	3.6	(0.5)	4.0	0.5 Schedule 3	3MM+ Marl pack/ctn triggers / mo ; 200M+ Fran pack triggers / mo (\$0.078 ea)	
Freight/Other	0.1	0.4	0.3	1.8	1.4 Schedule 9	100 freight/other ; 1.200 inserts/onserts prod	
	5.1	4.2	(0.9)	6.4	2.2		
<b>Relationship Marketing</b>							
Production / Postage	8.7	10.3	1.5	17.3	7.0 Schedule 4	54MM pieces (IPV mailers, postcards, b-day, welcome series	
E-mail	0.6	-	(0.6)	-	-		
Agency Production / Sweeps	0.3	0.3	(0.0)	1.0	0.7 Schedule 5, 6, 8	.082 web mat's ; .700 web hosting (Poker/Island) ; .250 Island exec.	
TDM /Response Mechanisms	0.8	2.2	1.4	1.5	(0.7)		
	10.5	12.8	2.3	19.8	7.0		
<b>Other Equity</b>							
Continuity	0.8	0.8	-	1.3	0.5 Schedule 7	Escapes (1.245) & Poker (.078) items ; higher participation/redemption	
Agency	0.9	1.1	0.2	1.1	-		
Brand Research	-	0.1	0.1	0.1	-		
	1.7	2.0	0.3	2.5	0.5		
<b>Total Brand Equity</b>	37.3	40.0	2.7	28.7	(11.3)		
<b>Pricing</b>							
Discounting	590.8	621.3	30.5	653.1	31.7 Schedule 10	base disc (611) + incr disc (31)	
Discounting Reserve	40.2	-	(40.2)	-	- Schedule 10	address SOM trends in "watch" states as necessary	
Pricing Promo	-	3.6	3.6	4.0	0.4 Schedule 10	4 nat'l CTS promos (4) ; 4 geo CTS promos (2.3)	
Direct Mail	98.8	93.4	(5.4)	90.6	(2.8) Schedule 4	redemption	
Trade Direct Mail	3.1	3.6	0.5	1.5	(2.1)		
Catalina	4.1	2.1	(2.1)	4.1	2.1 Schedule 3	\$3/ctn high SET or declining mkts ; \$2/ctn low SET & reten ; Comp/Franch	
<b>Total Pricing</b>	737.0	724.0	(13.0)	753.3	29.3		
<b>Total Brand Equity and Pricing</b>	774.3	764.0	(10.3)	782.0	18.0		

# Brand Spend Variance - Winston

	2004	2005	Y-O-Y Var	2006	Y-O-Y Var	2007	Y-O-Y Var	CAGR
<b>Advertising</b>								
Print	18.2	-	(18.2)	-	-	-	-	-100.0%
1-Sheets	1.7	-	(1.7)	-	-	-	-	-100.0%
Production/Differentiation	1.2	-	(1.2)	-	-	-	-	-100.0%
<b>Subtotal</b>	<b>21.1</b>	<b>-</b>	<b>(21.1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>
<b>Retail</b>								
POS	0.2	0.6	0.4	0.6	(0.0)	0.5	(0.0)	41.4%
PDI	-	-	-	-	-	-	-	#NUM!
Catalina	3.6	4.0	0.5	4.0	(0.1)	3.9	(0.1)	2.7%
Freight/Other	0.4	1.8	1.4	1.7	(0.0)	1.7	(0.0)	61.0%
<b>Subtotal</b>	<b>4.2</b>	<b>6.4</b>	<b>2.2</b>	<b>6.3</b>	<b>(0.1)</b>	<b>6.1</b>	<b>(0.1)</b>	<b>13.6%</b>
<b>Relationship Marketing</b>								
Production/Postage	10.3	17.3	7.0	16.7	(0.5)	16.0	(0.7)	16.0%
E-mail	-	-	-	-	-	-	-	-
Agency Production	0.3	1.0	0.7	1.0	(0.0)	1.0	(0.0)	47.2%
TDM/Response Mechanisms	2.2	1.5	(0.7)	1.5	(0.0)	1.4	(0.1)	-14.2%
<b>Subtotal</b>	<b>12.8</b>	<b>19.8</b>	<b>7.0</b>	<b>19.2</b>	<b>(0.6)</b>	<b>18.4</b>	<b>(0.8)</b>	<b>12.9%</b>
<b>Other Equity</b>								
Brand Research	0.1	0.1	-	0.1	-	0.1	-	0.0%
Continuity	0.8	1.3	0.5	1.3	-	1.3	-	18.3%
Agency	1.1	1.1	-	1.1	-	1.1	-	0.0%
<b>Subtotal</b>	<b>2.0</b>	<b>2.5</b>	<b>0.5</b>	<b>2.5</b>	<b>-</b>	<b>2.5</b>	<b>-</b>	<b>8.1%</b>
<b>Total Equity</b>	<b>40.0</b>	<b>28.7</b>	<b>(11.3)</b>	<b>28.0</b>	<b>(0.7)</b>	<b>27.0</b>	<b>(1.0)</b>	<b>-12.3%</b>
<b>Pricing</b>	97.0	92.1	(4.9)	92.7	0.6	88.9	(3.8)	-2.9%
ESSF	-	-	-	-	-	-	-	-
Retail Pricing	627.0	661.2	34.2	642.3	(18.9)	617.3	(25.0)	-0.5%
<b>Total Spending</b>	<b>764.0</b>	<b>782.0</b>	<b>18.0</b>	<b>763.0</b>	<b>(19.0)</b>	<b>733.3</b>	<b>(29.7)</b>	<b>-1.4%</b>

53228 4015

## R. J. Reynolds Tobacco Company

	Winston Baseline Dollars	Winston Scenario Dollars	Winston Gap Dollars	Winston Plan Dollars	Winston New Gap Dollars
BSGSF Volume	-	-	-	-	-
Sales Volume	13,853.0	14,386.0	533.0	14,386.0	533.0
Total Volume	13,853.0	14,386.0	533.0	14,386.0	533.0
Returned Sales Volume	-	-	-	-	-
Reported List Sales	1,935,285.5	2,009,746.4	74,460.9	2,009,746.4	74,460.9
Total Discount	39,092.8	40,596.9	1,504.1	40,596.9	1,504.1
Partners	8,846.5	9,186.9	340.4	9,186.9	340.4
Price Adjustment Allowances	-	-	-	-	-
Net Pricing Promo	3,463.3	3,596.5	133.3	4,000.0	536.8
Net Couponing - Disc	415.6	431.6	16.0	431.6	16.0
Net Retail Discounting	593,878.1	652,124.2	58,246.1	653,062.1	59,184.0
Retail Discounting Reserve	-	-	-	-	-
Coupon Redemption	99,715.4	103,579.2	3,863.8	96,238.6	(3,476.9)
Net Merchandising Payment	-	22,860.8	22,860.8	-	-
Return Sales	-	-	-	-	-
ADJUSTED GROSS SALES	1,189,873.8	1,177,370.3	(12,503.5)	1,206,230.4	16,356.5
Excise Tax	270,133.5	280,527.0	10,393.5	280,527.0	10,393.5
Ret. Sales Excise Tax	-	-	-	-	-
NET SALES	919,740.3	896,843.3	(22,897.0)	925,703.4	5,963.0
Settlement Expense	353,528.6	367,130.7	13,602.2	367,130.7	13,602.2
Net Sales w/ Settlement	566,211.7	529,712.6	(36,499.1)	558,572.6	(7,639.1)
Leaf	49,620.3	51,529.5	1,909.2	51,529.5	1,909.2
Casing	-	-	-	-	-
Wrapping	30,673.7	31,853.8	1,180.2	31,853.8	1,180.2
Labor	10,148.6	10,539.1	390.5	10,539.1	390.5
Fringe	12,114.9	12,581.0	466.1	12,581.0	466.1
Freight	4,098.7	4,256.4	157.7	4,256.4	157.7
Total Variable Cost	106,656.2	110,759.8	4,103.6	110,759.8	4,103.6
VARIABLE MARGIN	459,555.5	418,952.8	(40,602.8)	447,812.8	(11,742.8)
Mktg - BSGSF	-	-	-	-	-
Advertising	19,358.90	20,103.74	744.84	0.00	(19,358.9)
Retail	6,500.41	6,885.53	385.12	6,382.41	(118.0)
Event	0.00	0.00	0.00	0.00	-
DM	14,671.01	15,540.19	869.18	19,806.82	5,135.8
Continuity	759.17	804.15	44.98	1,323.23	564.1
Brand Research / Other	13,206.8	13,989.2	782.4	1,199.0	(12,007.8)
Net Applied Equity	54,496.2	57,322.8	2,826.6	28,711.5	(25,784.8)
Net Other Discounting	-	-	-	-	-
Applied Pricing	1,600.0	1,600.0	-	1,600.0	-
Net SG&A Marketing	56,096.2	58,922.8	2,826.6	30,311.5	(25,784.8)
MARGIN AFTER MKTG	403,459.3	360,030.0	(43,429.3)	417,501.3	14,042.0
+ Net Merchandising Payment	-	22,860.8	22,860.8	-	-
- Distribution	1,469.8	1,526.4	56.6	1,526.4	56.6
+ IT	3,800.0	3,800.0	-	-	(3,800.0)
+ BIRD	3,300.0	3,300.0	-	-	(3,300.0)
+ DMG	5,000.0	5,000.0	-	-	(5,000.0)
+ CR	300.0	300.0	-	-	(300.0)
+ SMS	-	-	-	-	-
+ PDI	1,600.0	1,600.0	-	-	(1,600.0)
Adjusted Brand Contribution	415,989.49	395,364.43	(20,625.07)	415,974.97	(14.5)

53228 4016



# Hit/Wish List - Winston

Hit List					
Brand	Program	Gross Cost	Vol Loss in \$	Net P&L	Other Impact
Winston	Switchback mailer	0.3	-	0.3	
Winston	Software development and hosting - streaming radio	0.2	-	0.2	loss of online interaction mechanism
Winston	Welcome series: 1 vs. 2 / lower cpns	0.8	(0.3)	0.5	less brand information conveyed up front
Winston	Reduce 1-sheet markets	1.0	-	1.0	equivalent of 18 markets
Winston	No custom mailers	1.6	-	1.6	awareness impact on Poker/Island
Winston	Reduce franch component of Catalina from 13 to 6 cycles	1.2	(0.9)	0.3	lost reach of extended bb
Winston	Reduce workplan mailers to 10	15.0	(13.5)	1.5	reduced frequency of comm
Winston	Eliminate Integrated Promotion (Island)				
Winston	- Software devel/hosting	0.2	-	0.2	
Winston	- Execution	0.3	-	0.3	
Winston	- Inserts (pk/ctn) ; easels/standees/takeones	0.4	-	0.4	proposition awareness ; name generation
Winston	Eliminate non-Poker media		-	-	
Winston	- Print (6-months)	6.7	-	6.7	AF/Island awareness ; realization of AF mkt opportunity (10% FPNM)
Winston	- Signage (7-months)	2.3	-	2.3	AF/Island awareness ; realization of AF mkt opportunity (10% FPNM)
Total		29.9	(14.7)	15.2	

Wish List					
Brand	Program	Gross Cost	Vol Inc in \$	Net P&L	
Winston	Competitive DM B1G1F coupons (pending July test)	(5.0)	-	(5.0)	
Winston	Reminder postcards(poker/island)	(1.3)	-	(1.3)	reinforcement/awareness
Winston	Birthday mailer to Franchise	(2.2)	-	(2.2)	franchise value-add ; loyalty
Winston	SGS mailer to franchise	(0.8)	-	(0.8)	database strength
Winston	Incentive mailer to non responders - prior to retargeting	(1.8)	0.5	(1.3)	database strength
Winston	Birthday Mailer to OUs/Competitive	(5.7)	-	(5.7)	ou/comp value-add
Winston	S&D mailer to Franchise	(1.9)	-	(1.9)	franchise value-add
Winston	Advocacy - focus on RET/Mavens	(0.4)	-	(0.4)	database strength
Winston	Incremental Poker media (10 spreads ; 12 pages)	(1.6)	-	(1.6)	greater engagement among extended buyer base
Total		(20.6)	0.5	(20.1)	

## 2005 Planning Estimates

	Cost/Ins	# Ins	% of Ins	Total Cost	Communication	Desired Media Budget (\$MM)	
						Print	Signage
Page	50	162	92%	8100	Product ; Island	9.500	3.000
Spread	100	14	8%	1400	Poker	0.500	
		176	100%	9500		13.000	

	Poker				Island								TOTAL
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
units													
Signage	333	333	333	333	333	333	333	333	333				3,000
Print													
Page		25	25	14	14	25	25	17	17				162
Spread				7	7								14
TOTAL	-	25	25	21	21	25	25	17	17	-	-	-	176
Print \$	-	1,250	1,250	1,400	1,400	1,250	1,250	850	850	-	-	-	9,500
Print Cost/Quarter			2,500			4,050		2,950					9,500
Ad Production													500
Total Plan	333	1,583	1,583	1,733	1,733	1,583	1,583	1,183	1,183	-	-	-	13,000

Product		
Island		
Poker		

Print Spend by Initiative

AF Awareness	5000	53%
Poker	2800	29%
Island	1700	18%
	9500	100%

Place signage in "Growing" and "Declining" markets to:

1. Capitalize on existing better presence in growing markets
2. Provide incremental support in declining markets

Media Role:

- Generate awareness of AF proposition
- Broad-reaching support of key RM initiatives to activate extended buyer base

## Schedule 2 - POS

Item #	Description	SKU Cost	2004 Avg Mo Usage	SMS Module Qty	4 Month Residual Ordering Qty	% overrun	Total Projected 2005 Qty	Total Projected 2005 Cost
<b>Counter Display</b>								
626633	WIN CARD-5 PK REPLICA 2003	0.474	1398.0	9,461	5,592	37%	15,053	\$7,135.12
626642	WIN CARD-10 PK REPLICA 2003	0.7589	1100.1	6,645	4,400	40%	11,045	\$8,382.39
<b>Non-Display Signage</b>								
626672	WIN CARD-2X2 PRICER 2003	0.5337	144.3	9,894	577	6%	10,471	\$5,588.55
<b>Fixture POS Cards</b>								
626870	WIN CARD-5 PK SHELF 2003	0.5636	631.3	13,003	2,525	16%	15,528	\$8,751.77
627650	WIN STRIP-5 PK SHELF 2003	0.1945	938.9	29,656	3,756	11%	33,412	\$6,498.55
626885	WIN CARD-12 INCH SMALL CANOPY 2003	0.2918	2131.8	63,705	8,527	12%	72,232	\$21,077.33
626891	WIN CARD-24 INCH SMALL CANOPY 2003	0.5763	1175.8	13,693	4,703	26%	18,396	\$10,601.68
626894	WIN CARD-36 INCH SMALL CANOPY 2003	0.3333	205.1	3,664	820	18%	4,484	\$1,494.67
626900	WIN CARD-48 INCH SMALL CANOPY 2003	1.9472	81.2	1,999	325	14%	2,324	\$4,525.08
626903	WIN CARD-12 INCH STANDARD CANOPY 2003	0.5568	407.6	4,304	1,630	27%	5,934	\$3,304.17
626912	WIN CARD-24 INCH STANDARD CANOPY 2003	0.3892	330.4	5,726	1,322	19%	7,048	\$2,743.00
626915	WIN CARD-36 INCH STANDARD CANOPY 2003	0.4957	99.0	2,282	396	15%	2,678	\$1,327.48
626921	WIN CARD-48 INCH STANDARD CANOPY 2003	1.9981	45.1	1,232	180	13%	1,412	\$2,822.21
626924	WIN CARD-11/12 ENHANCED CANOPY 2003	0.2503	294.9	4,943	1,180	19%	6,123	\$1,532.48
626930	WIN CARD-24 INCH ENHANCED CANOPY 2003	0.6639	141.4	2,197	566	20%	2,763	\$1,834.21
626933	WIN CARD-36 INCH ENHANCED CANOPY 2003	0.2851	29.9	913	120	12%	1,033	\$294.38
626942	WIN CARD-48 INCH ENHANCED CANOPY 2003	0.9612	15.2	632	61	9%	693	\$666.00
628412	WIN CARD-18 INCH SMALL CANOPY 2003	1.0014	135.4	1,214	542	31%	1,756	\$1,758.24
632324	WIN CARD-18 INCH STD CANOPY 2003	0.12	47.4	942	190	17%	1,132	\$135.81
626621	WIN CARD-SMALL APD 2003	0.1749	62.6	5,616	250	4%	5,866	\$1,026.00
631430	WIN CARD-SPECIAL PRICE	0.0706	10572.8	102,629	42,291	29%	144,920	\$10,231.36
<b>Fixture POS Transparency</b>								
626954	WIN TRANSP-12 INCH SM CANP (CD #626885)	0.5968	573.3	5,888	2,293	28%	8,181	\$4,882.62
626960	WIN TRANSP-24 INCH SM CANP (CD #626891)	0.5338	646.0	10,870	2,584	19%	13,454	\$7,181.75
626963	WIN TRANSP-36 INCH SM CANP (CD #626894)	0.5556	81.1	2,871	324	10%	3,195	\$1,775.39
626972	WIN TRANSP-48 INCH SM CANP (CD #626900)	1.5873	23.1	1,253	92	7%	1,345	\$2,135.62
626975	WIN TRANSP-12 INCH STD CANP (CD #626903)	1.0868	228.3	2,398	913	28%	3,311	\$3,598.76
626981	WIN TRANSP-24 INCH STD CANP (CD #626912)	0.7013	237.4	6,606	950	13%	7,556	\$5,298.87
626984	WIN TRANSP-36 INCH STD CANP (CD #626915)	0.524	88.2	2,339	353	13%	2,692	\$1,410.55
626990	WIN TRANSP-48 INCH STD CANP (CD #626921)	2.3275	19.2	1,010	77	7%	1,087	\$2,529.73
626993	WIN TRANSP-12 INCH ENH CANP (CD #626924)	0.5376	42.1	476	168	26%	644	\$346.45
627002	WIN TRANSP-24 INCH ENH CANP (CD #626930)	0.9245	45.8	1,092	183	14%	1,275	\$1,178.84
627005	WIN TRANSP-36 INCH ENH CANP (CD #626933)	0.8899	22.2	907	89	9%	996	\$886.24
627011	WIN TRANSP-48 INCH ENH CANP (CD #626942)	1.5847	14.8	770	59	7%	829	\$1,313.89
628415	WIN TRANSP-18 INCH SM CANP (CD #628412)	0.8187	114.8	1,143	459	29%	1,602	\$1,311.65
632330	WIN TRANSP-18 INCH STD CANP (CD #632324)	0.77	92.3	918	369	29%	1,287	\$991.25
<b>Competitive Fixture POS</b>								
627035	WIN CARD-SPLIT FIXTURE PM 2003	0.9565	12.2	1,236	49	4%	1,285	\$1,229.00
Plug to 200K per Michelle 9-23-2004								\$62,198.93
							<b>\$8,917</b>	<b>413,044 \$200,000.00</b>

The numbers include quantities input via the Module and a residual overrun quantity to keep at APL for field ordering.  
The residual overrun quantity is for 6 months based on the usage trend for 2004 by item.

	# Triggers	Print Cost	Tot Trigger \$	Cpn Val	Redem %	Redem \$	Total \$/cycle	# cycles	Total \$	PV	IPV rate	Incr Cartons	MAD/Cn	Incr MAD	ROI
<b>Competitive</b>															
total comp trigger target (based on '04)	3,990,000														
Comp Trial - high SET or Declining market	1,610,000	\$ 0.078	\$ 125,580	\$ 3.12	2.0%	\$ 100,464	\$ 226,044	13	\$ 2,938,572	83,720,000	80%	334,880	\$ 7.63	\$ 2,555,134	-13%
Comp Trial - low SET (balance of markets)	1,890,000	\$ 0.078	\$ 147,420	\$ 2.12	1.5%	\$ 60,102	\$ 207,522	13	\$ 2,697,786	73,710,000	80%	294,840	\$ 7.63	\$ 2,249,629	-17%
Comp Retention	87,500	\$ 0.078	\$ 6,825	\$ 2.12	10.0%	\$ 18,550	\$ 25,375	13	\$ 329,875	22,750,000	80%	91,000	\$ 7.63	\$ 694,330	110%
	<u>3,587,500</u>		<u>\$ 279,825</u>	<u>\$ 2.57</u>	<u>1.9%</u>	<u>\$ 179,116</u>	<u>\$ 458,941</u>	<u>13</u>	<u>\$ 5,966,233</u>	<u>180,180,000</u>	<u>80%</u>	<u>720,720</u>	<u>\$ 7.63</u>	<u>\$ 5,499,094</u>	<u>-8%</u>

- breakeven IPV rate at the 1.9% total redemption is 87%
- recommend 13 cycles to keep retention offer "on" for redeemers late in a given cycle

<b>Franchise</b>															
total Franch trigger target (based on '04)	250,000														
FranchVOU Trial (Trade-Up) - high SET or Declining market	161,000	\$ 0.078	\$ 12,558	\$ 3.12	11.0%	\$ 55,255	\$ 67,813	13	\$ 881,572	46,046,000	30%	69,069	\$ 7.63	\$ 526,996	-40%
FranchVOU Trial (Trade-Up) - low SET (balance of markets)	189,000	\$ 0.078	\$ 14,742	\$ 2.12	7.0%	\$ 28,048	\$ 42,790	13	\$ 556,265	34,398,000	30%	51,597	\$ 7.63	\$ 393,685	-29%
FranchVOU Retention	52,500	\$ 0.078	\$ 4,095	\$ 2.12	50.0%	\$ 55,650	\$ 59,745	13	\$ 776,685	68,250,000	30%	102,375	\$ 7.63	\$ 781,121	1%
	<u>402,500</u>		<u>\$ 31,395</u>	<u>\$ 2.52</u>	<u>14.2%</u>	<u>\$ 138,953</u>	<u>\$ 170,348</u>	<u>13</u>	<u>\$ 2,214,521</u>	<u>148,694,000</u>	<u>30%</u>	<u>223,041</u>	<u>\$ 7.63</u>	<u>\$ 1,701,803</u>	<u>-23%</u>

- breakeven total redemption is 7.5 vs. the estimated 14.2%
- breakeven IPV rate at the 14.2% total redemption is 39%
- recommend 13 cycles to keep retention offer "on" for redeemers late in a given cycle

GRAND TOTAL	<u>3,990,000</u>		<u>\$ 311,220</u>			<u>\$ 318,069</u>	<u>\$ 629,289</u>		<u>\$ 8,180,754</u>			<u>943,761</u>		<u>\$ 7,200,896</u>	<u>-12%</u>
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<b>High SET</b>	<b>Declining</b>	<b>Low SET</b>
NY	TX	KY
AZ/NM	OK	KS/MO
NJ	FL	AR
MA	MS	CO
MI	VA	LA
ME/NH/VT	MT/ND/NE/SD/WY	NC
NY METRO	AL	WI
PA/WV	SC	VA
DC/DE/MD	NV/UT	GA
ID/OR	MN	TN
CT/RI	<u>26% OF BUS</u>	CA
IL		IN
<u>20% OF BUS</u>		OH
		IA
		<u>54% OF BUS</u>

13,813,800.0  
69069

	Quantity	Avg. monthly AML	# Coupons (per mailer)	Values	PV	Redemption Cost	Production, postage, etc cost	Total
<b>IPV Mailers</b>								
RET	10	408	3	Matrix; 3	879,839	11,031	\$ 0.25 \$ 1,020	\$ 12,051
SOR Franchise	10	467	5		757,824	12,459	\$ 1,167	\$ 13,626
SOR Competitive	10	570	5		624,783	12,999	\$ 1,425	\$ 14,424
SOR	10	1037	5	tiers	1,382,607	25,458	\$ 2,592	\$ 28,050
CVO	10	2208	5		1,839,886	38,271	\$ 5,519	\$ 43,790
<b>Total</b>	<b>10</b>	<b>3,653</b>			<b>4,102,332</b>	<b>\$ 74,760</b>	<b>\$ 9,132</b>	<b>\$ 83,891</b>
<b>Custom Mailers</b>								
RET	2	408	3	Matrix; 3	175,968	2,206	\$ 0.70 - 0.90 \$ 653	\$ 2,859
SOR Franchise	2	467	5		151,565	2,492	\$ 747	\$ 3,239
SOR Competitive	2	570	5		124,957	2,600	\$ 912	\$ 3,512
SOR	2	1037	5	tiers	276,521	5,092	\$ 1,659	\$ 6,751
CVO	2	2208	5		367,977	7,654	\$ 3,532	\$ 11,186
<b>Total</b>	<b>2</b>	<b>3,653</b>			<b>820,466</b>	<b>\$ 14,952</b>	<b>\$ 5,844</b>	<b>\$ 20,796</b>
<b>Welcome Series</b>								
	2	mailers to each new smoker					\$ 0.35	
Franchise	19	20	2	Mir1&2 - \$1/pk + \$4/cdn	29,868	\$ 726	\$ 133	\$ 859
Competitive	19	60	2	Mir1 - BIGIF +\$1/pk / Mir2 - (2) \$1/pk	16,074	\$ 1,314	\$ 285	\$ 1,599
<b>Total</b>	<b>19</b>	<b>80</b>			<b>45,942</b>	<b>\$ 2,040</b>	<b>\$ 418</b>	<b>\$ 2,458</b>
<b>Switch back</b>								
	1	Reduce buyer base attrition					\$ 0.35	
AML Win UBS	1	57	2	BIGIF +\$1/pk			\$	-
AML Win 2UBs	1	100	2	BIGIF +\$1/pk			\$	-
<b>Total</b>	<b>1</b>	<b>158</b>			<b>3,120</b>	<b>\$ 290</b>	<b>\$ 55</b>	<b>\$ 345</b>
<b>Postcards</b>								
RET	2	408	no coupons	N/A	N/A	N/A	\$ 0.25 \$ 204	
SOR Franchise	2	467	no coupons	N/A	N/A	N/A	\$ 233	
SOR Competitive	2	570	no coupons	N/A	N/A	N/A	\$ 285	
SOR	2	1037	no coupons	N/A	N/A	N/A	\$ 518	
CVO	2	2208	no coupons	N/A	N/A	N/A	\$ 1,104	
<b>Total</b>	<b>2</b>	<b>3,653</b>					<b>\$ 1,826</b>	
<b>Birthday</b>								
RET	0	408	no coupons	N/A	N/A	N/A	\$ 2.50 \$ -	
SOR Franchise	0	467	no coupons	N/A	N/A	N/A	\$ -	
<b>Total</b>	<b>0</b>	<b>875</b>					<b>\$ -</b>	
RET	17		34		1,085,675	\$ 13,963	\$ 2,011	\$ 15,974
SOR	17/16		58		1,662,249	\$ 30,839	\$ 4,825	\$ 35,664
CVO	16		58		2,223,937	\$ 47,239	\$ 10,440	\$ 57,679
						\$ (1,438)		
<b>Total</b>					<b>4,971,861</b>	<b>\$ 90,604</b>	<b>\$ 17,275</b>	<b>\$ 107,879</b>

versus original \$11,542,905

	Materials
Escapes (New Dest)	\$ 10
Product Info	\$ 5
Poker	\$ 12
Island	\$ 6
Strat Partners	\$ 10
Mess/Pict Boards	\$ 6
Drink/Food Recipes	\$ 5
Streaming Radio	\$ 6
Auction	\$ 6
Poll	\$ 5
Others	\$ 11
Total	<u>\$ 82</u>

**Assumptions**

Images for initial RMP costed separately

Use of stock photography for images not owned

Does not include extra costs (external sourcing of IT programing, creation of complex videos, etc)

	Poker	\$	300
Game		\$	-
Software development			
Hosting			
Chip functions			
Auction		\$	-
devel			
Hosting			
	Island	\$	150
Streaming Radio		\$	150
	Poll		
Others		\$	100
Total		\$	<u>700</u>

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Printed forms (000)	9.3	9.8	10.3	10.8	11.3	11.8	12.3	12.8	13.3	13.8	14.3	14.8	144.4
Redeemers (000)	2.3	2.4	2.6	2.7	2.8	2.9	3.1	3.2	3.3	3.4	3.6	3.7	36.1
Cost (000)	\$ 70	\$ 73	\$ 77	\$ 81	\$ 85	\$ 88	\$ 92	\$ 96	\$ 100	\$ 103	\$ 107	\$ 111	\$ 1,083
Excess inventory (000)	\$ 10	\$ 11	\$ 12	\$ 12	\$ 13	\$ 13	\$ 14	\$ 14	\$ 15	\$ 16	\$ 16	\$ 17	\$ 162
<b>Total Escapes (000)</b>	<b>\$ 80</b>	<b>\$ 84</b>	<b>\$ 89</b>	<b>\$ 93</b>	<b>\$ 97</b>	<b>\$ 102</b>	<b>\$ 106</b>	<b>\$ 110</b>	<b>\$ 115</b>	<b>\$ 119</b>	<b>\$ 123</b>	<b>\$ 127</b>	<b>\$ 1,245</b>
Poker Goods (000)						\$ 25	\$ 5	\$ 5	\$ 6	\$ 25	\$ 6	\$ 6	\$ 78
<b>Total (000)</b>	<b>\$ 80</b>	<b>\$ 84</b>	<b>\$ 89</b>	<b>\$ 93</b>	<b>\$ 97</b>	<b>\$ 127</b>	<b>\$ 111</b>	<b>\$ 115</b>	<b>\$ 121</b>	<b>\$ 144</b>	<b>\$ 129</b>	<b>\$ 133</b>	<b>\$ 1,323</b>

## Assumptions and facts

	Total	Monthly
Players 09/15	23,000	2,875
Players end of '04 (000)	37,950	4,744
Printed forms - 09/15	45,000	5,625
Printed forms - end of '04	74,250	9,281
Printed forms/Players 09/1	1.96	
Printed forms/Players end	1.96	
Players 2005	73.79	
Redeemers	25%	
Avg. Item Value	\$ 30	
Excess Inventory	15%	



# of Winners	25
Guests/Winner	<u>3</u>
Total Consumer Attendees	100

RJRT Attendees	<u>12</u>
GRAND total attendees	112

	Per Person	Total	Notes
Event Services Fee		\$ 30,000	
Airfare	\$ 500	\$ 56,000	
Island Rental (5 days)	\$ 1,500	\$ 168,000	includes all food, lodging*, activities, etc.
Band			
- Airfare	\$ 1,000	\$ 5,000	
- Fee		\$ 10,000	
- Setup/logistics		\$ 10,000	
Misc		\$ 50,000	
GRAND TOTAL SPEND		<u>\$ 329,000</u>	

\* Island must be able to accommodate 100+ people, with at least 50 rooms

Target Budget	\$ 250,000
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## 2005 PLANNING

Items to Consider	Freq.	Total Qty	S/ea.	Total Cost	Est Resp	Gross Resp	% Incr.	# Incr.	Notes
Counter Easel/TO - Poker (takeones only)	1	5,000,000	\$ 0.02	\$ 100,000	3%	150,000	44%	66,000	assumed 50M stores (PK)
Counter Easel - Poker	1	50,000	\$ 0.30	\$ 15,000					
Counter Easel/TO - Island (takeones only)	1	5,000,000	\$ 0.02	\$ 100,000	3%	150,000	44%	66,000	
Counter Easel - Island	1	50,000	\$ 0.30	\$ 15,000					
Standee - Poker (takeones only)	1	500,000	\$ 0.05	\$ 25,000	3%	15,000	44%	6,600	
Standee - Poker (standee only)	1	5,000	\$ 8.00	\$ 40,000					
Standee - Island (takeones only)	1	500,000	\$ 0.05	\$ 25,000	3%	15,000	44%	6,600	
Standee - Island (standee only)	1	5,000	\$ 8.00	\$ 40,000					
Carton Backprinting		72,500,000	\$ 0.001	\$ 57,485	0.1%	72,500	45%	32,625	\$0.0007929/ctn cost ; full year qty of cartons
			(SM)						
Pack Insert - \$25+ in Savings	1	36,000,000	\$ 5.50	\$ 203,400	0.10%	36,000	46%	16,560	4 wks vol ; \$0.30keying on 1/2 of resp
Pack Insert - Poker (codes)	3	72,000,000	\$ 8.50	\$ 612,000	0.10%	72,000	46%	33,120	4wks vol 1x ; 2 wks vol 2x
Pack Insert - Island Support	1	36,000,000	\$ 5.50	\$ 198,000	0.10%	36,000	46%	16,560	4 wks vol
Carton Insert - \$25+ in Savings	1	450,000	\$ 17.90	\$ 8,055	0.50%	2,250	46%	1,035	pack inserts with codes cost 1.54x the cost of those without, so same ratio taken on ctn inserts, but reduced cost given high qty
Carton Insert - Poker (codes) - SGS	3	2,450,000	\$ 24.90	\$ 60,998	0.50%	12,250	46%	5,635	pack inserts with codes cost 1.54x the cost of those without, so same ratio taken on ctn inserts
Carton Insert - Island Support (codes)	1	450,000	\$ 27.66	\$ 12,449	0.50%	2,250	46%	1,035	
Carton Insert - Escapes	1	1,350,000	\$ 17.90	\$ 24,165	0.50%	6,750	46%	3,105	
Grand Total				<u>\$ 1,536,552</u>		<u>570,000</u>		<u>254,875</u>	
					cost/name	\$ 2.70		\$ 6.03	
Budget Breakdown:									
Retail POS Production				\$ 360,000					
Packaging/Production (Ad Production)				\$ 1,176,552					
Total				<u>\$ 1,536,552</u>					

## Discounting Spend

## From Recommended Scenario:

Volume 14,386

1) Avg Disc Rate 8.49  
Spend (run rate) 610,692

2) Incremental Rate 1.50  
Volume 32%  
Penetration 91%  
Incremental Spend 31,361

2.18 rate/m

3) Price Differential 0.056  
Differential Spend 4,028

1.5/m price inc. - 0.80 MSA inc. = 0.70 price  
Deal back 40%\*0.70=0.28/m or .056/ct

4) Inc. coverage to 93% 0.084  
Coverag Inc. spend 6,042

(42.45/m in '04)/92.09% cov = 46.096 on 100%  
46.096 \* 93% = 42.869  
42.87 - 42.45 = 0.42 incremental (0.42/5 = .084 per ct)

Total Disc. Spend in scenario \$ 652,124  
Total with pricing promotion 656,124

## Incremental Spend Breakdown:

Rate changes Jan-05		% Winston Vol.	Coverage	
FL	\$	1.50	7.84	91% \$ 7,698
MN	\$	1.50	1.35	91% 1,325
SC	\$	1.50	3.07	91% 3,014
OH	\$	1.00	7.27	91% 4,759
TX.	\$	1.50	4.13	91% 4,055
			23.66	\$ 20,851

Rate changes Jan-05		% Winston Vol.	Coverage	
AL	\$	1.00	2.51	91% 1,643
AZ/NM	\$	1.00	1.99	91% 1,303
MS	\$	1.00	1.46	91% 956
NV/UT	\$	1.00	0.89	91% 583
WA	\$	1.00	1.28	91% 838
NY	\$	1.00	2.08	91% 1,361
OK	\$	1.00	1.83	91% 1,198
MT/ND/NE/SD/WY	\$	1.00	1.04	91% 681
PA/WV	\$	1.00	4.41	91% 2,887
			17.49	\$ 11,448

Total \$ 32,299

Remaining Incremental Spend from Scenario \$ (938)

Less \$2.3mm in incremental CTS Promotion

Pricing Reserve: \$ (938)

## Summary

Current Discounting Level on 2005 Volume	\$ 610,692
Incremental State Specific Spending	32,299
Dealback 40% of price differential	4,028
Increase coverage from 91% to 93%	6,042
<b>Total Discounting</b>	<b>\$ 653,062</b>
<b>Discounting Reserve</b>	<b>-</b>
<b>Pricing Promotions</b>	<b>4,000</b>
<b>Total Disc. &amp; Promotions</b>	<b>\$ 657,062</b>

53228 4027

## 2005 web programs

Cost (\$000)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Continuity (Escapes + Poker)	\$ 80	\$ 84	\$ 89	\$ 93	\$ 97	\$127	\$111	\$115	\$121	\$144	\$129	\$133	\$ 1,323
Web+DM materials													\$ 82
Software and Hosting													\$ 700
Man Hours chargeback													\$ 315
<b>Total Online Programs</b>	<b>\$ 80</b>	<b>\$ 84</b>	<b>\$ 89</b>	<b>\$ 93</b>	<b>\$ 97</b>	<b>\$127</b>	<b>\$111</b>	<b>\$115</b>	<b>\$121</b>	<b>\$144</b>	<b>\$129</b>	<b>\$133</b>	<b>\$ 2,420</b>

			Notes
# Books	10		16 insertions/mo (for 2 mos.) currently planned to support island
# Ins/book	2		Aug/Sep
Total Insertions of tip-in card	20		
Avg circ/book	2,000,000		avg circ across 10 representative books we'd consider running
<b>Total circ</b>	<b>40,000,000</b>		
Avg. \$/page	\$ 50,000		JoAn said this upcharge could even be 60% or 70%
% markup for tip in space	50%		
Upcharge/insertion for tip-in space	\$ 25,000		
<b>Total upcharge for tip-in space</b>	<b>\$ 500,000</b>		
Prod cost/unit	\$ 0.01		cost could be lower, need procurement estimate
Base units to produce	40,000,000		
% overage	30%		
Overage qty	12,000,000		
<b>Total production qty</b>	<b>52,000,000</b>		
<b>Total production \$</b>	<b>\$ 520,000</b>		
<b>GRAND TOTAL COST</b>	<b>\$ 1,020,000</b>		

## Other considerations:

1. Cannot insure exact placement on page of the tip-in card. Could lean towards top or bottom of page
2. SGW/NAD/T&N requirements on page and tip-in card

## DO NOT RECOMMEND RUNNING TIP-IN CARD, DUE TO HIGH COST

Recommendation (do either of the two following options):

1. Include sign-up form as part of ad (ROP) that consumer cuts out and sends in on their own
2. Drive them to the web to sign up



R. J. Reynolds Tobacco Company  
Winston

BSGSF Volume

Sales Volume  
Total Volume

Returned Sales Volume

Reported List Sales

Total Discount  
Partners  
Price Adjustment  
Allowances  
Net Pricing Promo  
Net Couponing - Disc  
Net Retail Discounting  
Retail Discounting Reserve  
Coupon Redemption  
Net Merchandising Payment  
Return Sales

ADJUSTED GROSS SALES

Excise Tax  
Ret. Sales Excise Tax

NET SALES  
Settlement Expense  
Net Sales w/ Settlement

Leaf  
Casing  
Wrapping  
Labor  
Fringe  
Freight  
Total Variable Cost

VARIABLE MARGIN

Mktg - BSGSF

Advertising  
Retail  
Event  
DM  
Continuity  
Brand Research / Other  
Net Applied Equity  
Net Other Discounting  
Applied Pricing  
Net SGA Marketing

MARGIN AFTER MKTG

+ Net Merchandising Payment  
- Distribution  
+ IT  
+ BIRD  
+ DMG  
+ CR  
+ SMS  
+ PDI

Adjusted Brand Contribution

Equity Spend

Recons:

Winston			
2005 Rec. Scenario			
Dollars	\$/Sold M	\$/Total M	
-	-	-	
14,386.0	-	-	
14,386.0	-	-	
-	-	-	
2,009,746.4	139.70	139.70	
40,598.9	2.82	2.82	
9,186.9	0.64	0.64	
-	-	-	
-	-	-	
3,598.5	0.25	0.25	
431.6	0.03	0.03	
652,124.2	45.33	45.33	
-	-	-	
103,579.2	7.20	7.20	
22,860.8	1.59	1.59	
-	-	-	
1,177,370.3	81.84	81.84	
280,527.0	19.50	19.50	
-	-	-	
896,843.3	62.34	62.34	
367,130.7	25.52	25.52	
529,712.6	38.82	38.82	
51,529.5	3.58	3.58	
-	-	-	
31,853.8	2.21	2.21	
10,539.1	0.73	0.73	
12,581.0	0.87	0.87	
4,256.4	0.30	0.30	
110,759.8	7.70	7.70	
418,052.8	29.12	29.12	
-	-	-	
0.00	-	-	
5,265.53	0.48	0.48	
0.00	-	-	
15,108.61	1.05	1.05	
804.15	0.06	0.06	
1,589.2	0.97	0.97	
22,787.5	4.01	4.01	
-	-	-	
1,600.0	0.11	0.11	
24,387.5	2.67	2.67	
394,565.3	26.45	26.45	
22,860.8	1.59	1.59	
1,526.4	0.11	0.11	
-	0.26	0.26	
-	0.23	0.23	
-	0.35	0.35	
-	0.02	0.02	
-	-	-	
-	0.11	0.11	
415,899.75	28.91	28.91	
24,387.48	-	-	

Winston			
2005			
Dollars	\$/Sold M	\$/Total M	
-	-	-	
14,386.0	-	-	
14,386.0	-	-	
-	-	-	
2,009,746.4	139.70	139.70	
40,598.9	2.82	2.82	
9,186.9	0.64	0.64	
-	-	-	
-	-	-	
4,000.0	0.28	0.28	
431.6	0.03	0.03	
653,062.1	45.40	45.40	
-	-	-	
96,238.6	6.69	6.69	
-	-	-	
-	-	-	
1,206,230.4	83.85	83.85	
280,527.0	19.50	19.50	
-	-	-	
925,703.4	64.35	64.35	
367,130.7	25.52	25.52	
558,572.6	38.83	38.83	
51,529.5	3.58	3.58	
-	-	-	
31,853.8	2.21	2.21	
10,539.1	0.73	0.73	
12,581.0	0.87	0.87	
4,256.4	0.30	0.30	
110,759.8	7.70	7.70	
447,812.8	31.13	31.13	
-	-	-	
0.00	-	-	
6,382.41	0.44	0.44	
0.00	-	-	
19,806.82	1.38	1.38	
1,323.23	0.09	0.09	
1,199.0	0.08	0.08	
28,711.5	4.01	4.01	
-	-	-	
1,600.0	0.11	0.11	
30,311.5	2.11	2.11	
417,501.3	29.02	29.02	
-	-	-	
1,526.4	0.11	0.11	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
(5,924)	-	-	
-	-	-	
75	-	-	
75	-	-	
75	-	-	
0.00	-	-	

vol change  
vol/mix  
list price  
terms  
partners  
(1,341) disc  
7,341 coupon redemp  
returns  
sett  
var cost  
BSGSF  
(5,924) equity  
Distribution/Other  
Change  
75 Check  
0.00

53228 4031

R. J. Reynolds Tobacco Company  
Winston

BSGSF Volume

Sales Volume  
Total Volume

Returned Sales Volume

Reported List Sales

Total Discount  
Partners  
Price Adjustment  
Allowances  
Net Pricing Promo  
Net Couponing - Disc  
Net Retail Discounting  
Retail Discounting Reserve  
Coupon Redemption  
Net Merchandising Payment  
Return Sales

ADJUSTED GROSS SALES

Excise Tax  
Ret. Sales Excise Tax

NET SALES  
Settlement Expense  
Net Sales w/ Settlement

Leaf  
Casing  
Wrapping  
Labor  
Fringe  
Freight  
Total Variable Cost

VARIABLE MARGIN

Mktg - BSGSF

Advertising  
Retail  
Event  
DM  
Continuity  
Brand Research / Other  
Net Applied Equity  
Net Other Discounting  
Applied Pricing  
Net SG&A Marketing

MARGIN AFTER MKTG

+ Net Merchandising Payment  
- Distribution  
+ IT  
+ BIRD  
+ DMG  
+ CR  
+ SMS  
+ PDI  
Adjusted Brand Contribution

Equity Spend

Reconc:

Winston			
2005 Baseline			
Dollars	\$/Sold M	\$/Total M	
-	-	-	
13,853.0	-	-	
13,853.0	-	-	
-	-	-	
-	-	-	
1,935,285.5	139.70	139.70	
39,082.8	2.82	2.82	
8,846.5	0.64	0.64	
-	-	-	
-	-	-	
3,463.3	0.25	0.25	
416.6	0.03	0.03	
593,878.1	42.87	42.87	
-	-	-	
99,715.4	7.20	7.20	
-	-	-	
-	-	-	
1,189,873.8	85.89	85.89	
270,133.5	19.50	19.50	
-	-	-	
919,740.3	66.39	66.39	
353,528.6	25.52	25.52	
566,211.7	40.87	40.87	
48,820.3	3.58	3.58	
-	-	-	
30,673.7	2.21	2.21	
10,148.6	0.73	0.73	
12,114.9	0.87	0.87	
4,098.7	0.30	0.30	
106,656.2	7.70	7.70	
459,555.5	33.17	33.17	
-	-	-	
19,358.80	1.40	1.40	
4,900.41	0.35	0.35	
0.00	-	-	
14,671.01	1.06	1.06	
759.17	0.05	0.05	
806.8	0.06	0.06	
40,496.2	2.92	2.92	
-	-	-	
1,800.0	0.12	0.12	
42,096.2	3.04	3.04	
417,459.3	30.13	30.13	
-	-	-	
1,469.8	0.11	0.11	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
415,989.49	30.03	30.03	
42,096.25	-	-	

Winston			
2005			
Dollars	\$/Sold M	\$/Total M	
-	-	-	
14,386.0	-	-	
14,386.0	-	-	
-	-	-	
-	-	-	
2,008,746.4	139.70	139.70	
40,596.9	2.82	2.82	
9,186.9	0.64	0.64	
-	-	-	
-	-	-	
4,000.0	0.28	0.28	
431.6	0.03	0.03	
653,082.1	45.40	45.40	
-	-	-	
96,238.6	6.89	6.89	
-	-	-	
-	-	-	
1,206,230.4	83.85	83.85	
280,527.0	19.50	19.50	
-	-	-	
925,703.4	64.35	64.35	
367,130.7	25.52	25.52	
556,572.6	38.83	38.83	
51,529.5	3.58	3.58	
-	-	-	
31,853.8	2.21	2.21	
10,536.1	0.73	0.73	
12,581.0	0.87	0.87	
4,256.4	0.30	0.30	
110,759.8	7.70	7.70	
447,812.8	31.13	31.13	
-	-	-	
0.00	-	-	
6,362.41	0.44	0.44	
0.00	-	-	
19,806.82	1.38	1.38	
1,323.23	0.09	0.09	
1,199.0	0.08	0.08	
28,711.5	2.00	2.00	
-	-	-	
1,800.0	0.11	0.11	
30,311.5	2.11	2.11	
417,501.3	29.02	29.02	
-	-	-	
1,528.4	0.11	0.11	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
415,974.97	28.92	28.92	
30,311.47	-	-	

Winston			
2004 June LE			
Dollars	\$/Sold M	\$/Total M	
-	-	-	
533.0	-	-	
533.0	-	-	
-	-	-	
-	-	-	
74,460.9	-	-	
1,504.1	-	-	
340.4	-	-	
-	-	-	
-	-	-	
536.8	0.03	0.03	
16.0	-	-	
59,184.0	2.53	2.53	
-	-	-	
(3,476.9)	(0.51)	(0.51)	
-	-	-	
-	-	-	
16,356.5	(2.05)	(2.05)	
10,393.5	-	-	
-	-	-	
5,963.0	(2.05)	(2.05)	
13,602.2	-	-	
(7,639.1)	(2.05)	(2.05)	
1,909.2	-	-	
-	-	-	
1,180.2	-	-	
390.5	-	-	
466.1	-	-	
157.7	-	-	
4,103.6	-	-	
(11,742.8)	(2.05)	(2.05)	
-	-	-	
-	-	-	
(11,784.8)	(0.93)	(0.93)	
-	-	-	
-	(0.00)	(0.00)	
(11,784.8)	(0.93)	(0.93)	
42.0	(1.11)	(1.11)	
-	-	-	
56.6	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-14.53	(1.11)	(1.11)	

533 vol change  
17,682 vol/mix  
- list price  
- terms  
- partners  
(36,738) disc  
7,313 coupon redemp  
- returns  
- sett  
- var cost  
- BSGSF  
11,785 equity  
(57) Distribution/Other  
(15) Change  
0 Check

53228 4032



R. J. Reynolds Tobacco Company  
Winston

BSGSF Volume

Sales Volume  
Total Volume  
Share  
Returned Sales Volume

Reported List Sales

Total Discount  
Partners  
Price Adjustment  
Allowances  
Net Pricing Promo  
Net Couponing - Disc  
Net Retail Discounting  
Retail Discounting Reserve  
Coupon Redemption  
Net Merchandising Payment  
Return Sales

ADJUSTED GROSS SALES

Excise Tax  
Ret. Sales Excise Tax

NET SALES  
Settlement Expense  
Net Sales w/ Settlement

Leaf  
Casing  
Wrapping  
Labor  
Fringe  
Freight  
Total Variable Cost

VARIABLE MARGIN

Mktg - BSGSF

Advertising  
Retail  
Event  
DM  
Continuity  
Brand Research / Other  
Net Applied Equity  
Net Other Discounting  
Applied Pricing  
Net BGA Marketing

MARGIN AFTER MKTG

+ Net Merchandising Payment  
- Distribution  
+ IT  
+ BIRD  
+ DMG  
+ CR  
+ SMS  
+ PDI  
Adjusted Brand Contribution

Equity Spend

Reconc:

Winston			
2004 June LE			
Dollars	\$/Sold M	\$/Total M	
-	-	-	
14,871.0	-	-	
14,871.0	-	-	
4.17	-	-	
-	-	-	
2,055,195.1	138.20	138.20	
43,975.9	2.96	2.96	
13,657.7	0.92	0.92	
-	-	-	
17.1	0.00	0.00	
3,595.4	0.24	0.24	
536.3	0.04	0.04	
620,521.2	41.73	41.73	
-	-	-	
98,925.1	6.55	6.55	
-	-	-	
-	-	-	
1,273,956.4	85.87	85.87	
289,990.5	19.50	19.50	
-	-	-	
983,975.8	64.09	64.09	
387,820.7	24.72	24.72	
616,355.1	39.37	39.37	
51,715.3	3.48	3.48	
-	-	-	
31,968.7	2.15	2.15	
10,577.1	0.71	0.71	
12,626.4	0.85	0.85	
4,271.7	0.29	0.29	
111,159.1	7.47	7.47	
505,196.0	33.97	33.97	
-	-	-	
21,059.00	1.42	1.42	
4,186.00	0.28	0.28	
0.00	-	-	
12,760.00	0.86	0.86	
800.00	0.05	0.05	
1,199.00	0.08	0.08	
40,004.0	2.69	2.69	
-	-	-	
1,000.0	0.07	0.07	
41,004.0	2.76	2.76	
484,192.0	31.21	31.21	
-	-	-	
1,582.6	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
462,609.37	31.11	31.11	
41,004.00	-	-	

Winston			
2005 Baseline			
Dollars	\$/Sold M	\$/Total M	
-	-	-	
13,853.0	-	-	
13,853.0	-	-	
-	-	-	
1,935,285.5	139.70	139.70	
39,092.8	2.82	2.82	
8,846.5	0.64	0.64	
-	-	-	
-	-	-	
3,463.3	0.25	0.25	
415.6	0.03	0.03	
593,878.1	42.87	42.87	
-	-	-	
96,715.4	7.20	7.20	
-	-	-	
-	-	-	
1,186,873.8	85.89	85.89	
270,133.5	19.50	19.50	
-	-	-	
919,740.3	66.39	66.39	
353,528.6	25.52	25.52	
566,211.7	40.87	40.87	
49,820.3	3.59	3.59	
-	-	-	
30,673.7	2.21	2.21	
10,148.6	0.73	0.73	
12,114.9	0.87	0.87	
4,098.7	0.30	0.30	
106,856.2	7.70	7.70	
459,555.5	33.17	33.17	
-	-	-	
19,358.80	1.40	1.40	
4,900.41	0.35	0.35	
0.00	-	-	
14,671.01	1.06	1.06	
759.17	0.05	0.05	
808.8	0.06	0.06	
40,496.2	2.92	2.92	
-	-	-	
1,600.0	0.12	0.12	
42,096.2	3.04	3.04	
417,459.3	30.13	30.13	
-	-	-	
1,469.8	0.11	0.11	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
415,989.49	30.03	30.03	

Winston			
2004 June LE			
Dollars	\$/Sold M	\$/Total M	
-	-	-	
(1,018.0)	-	-	
(1,018.0)	-	-	
-	-	-	
(119,909.7)	1.50	1.50	
(4,883.1)	(0.14)	(0.14)	
(4,811.2)	(0.28)	(0.28)	
-	-	-	
(17.1)	(0.00)	(0.00)	
(132.2)	0.01	0.01	
(120.7)	(0.01)	(0.01)	
(26,643.1)	1.14	1.14	
-	-	-	
790.3	0.55	0.55	
-	-	-	
-	-	-	
(84,092.8)	0.23	0.23	
(19,857.0)	(0.00)	(0.00)	
-	-	-	
(64,235.5)	2.31	2.31	
(14,092.2)	0.80	0.80	
(50,143.4)	1.51	1.51	
(2,094.9)	0.10	0.10	
-	-	-	
(1,295.0)	0.06	0.06	
(428.5)	0.02	0.02	
(511.5)	0.03	0.03	
(173.0)	0.01	0.01	
(4,503.0)	0.22	0.22	
(45,640.4)	(0.80)	(0.80)	
-	-	-	
-	-	-	
492.2	0.23	0.23	
-	-	-	
600.0	0.05	0.05	
1,092.2	0.28	0.28	
(46,732.7)	(1.08)	(1.08)	
-	-	-	
(112.8)	0.11	0.11	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-46,618.87	(1.08)	(1.08)	

(1,018) vol change

(34,583) vol/mix

20,780 list price

1,873 terms

3,876 partners

(15,849) disc

(7,582) coupon redemp

returns

342,455 sett

(3,106) var cost

BSGSF

(1,092) equity

113 Distribution/Other

306,803 Change

(46,620) Check

-353,522.06

53228 4033

**Summary 2005 Comparison to Target Baseline**  
**Winston**  
(\$ in 000)

	<u>Target Baseline</u>	<u>2005 Plan</u>	<u>Fav (Unfav)</u>
Volume	13,853	14,386	533
Share	4.02	4.12	0.10
Sales	\$ 1,935,285	\$ 2,009,746	\$ 74,461
Variable Margin	\$ 459,556	\$ 447,813	\$ (11,743)
Adjusted Brand Contribution	<u>\$ 415,989</u>	<u>\$ 415,975</u>	<u>\$ (15)</u>

## HIT

Priority order	Brand Area	Item	Cost Savings (M)	Target	% of Target	Associated PV (M)	Other Impact	IPV	Vol Chg in Dollars	Net P&L impact
1	RM	Birthday mailer to Franchise	\$ 2,352			-	franchise value-add ; loyalty			
2	RM	Switchback mailer	\$ 329			3				
3	RM	Software development and hosting - streaming radio	\$ 150			-	loss of online interaction mechanism			
4	RM	Welcome series: 1 vs. 2 / lower cpns	\$ 1,200			23,000	less brand information conveyed up front	6,890	(263)	937
5	RM	Eliminate Reminder postcards / maintain teasers	\$ 1,288			-	loss of promotion reinforcement/awareness			
6	Equity	Reduce 1-sheet markets	\$ 1,000			-	equivalent of 3 mos. placement			
7	RM	No custom mailers	\$ 2,188			-	awareness impact on Poker/Island			
8	Retail	Remove franch component of Catalina	\$ 1,200			80,066	program ROI reduced ; lost reach of extended bb	24,020	(916)	284
9	RM	Reduce workplan mailers to 10	\$ 15,014			746,165	reduced frequency of comm	353,696	(13,494)	1,520
10	Equity	Eliminate Integrated Promotion (Island)								
		- Software devel/hosting	\$ 150							
		- Execution	\$ 250							
		- Inserts (pk/ctn) ; easels/standees/takeones	\$ 390				proposition awareness ; name generation			
11	Equity	Eliminate non-Poker media								
		- Print (6-months)	\$ 6,700				AF awareness ; realization of mkt opportunity			
		- Signage (7-months)	\$ 2,334				AF awareness ; realization of mkt opportunity			
		<b>Total</b>	<b>\$ 34,544</b>	<b>\$ 35,000</b>	<b>99%</b>	<b>849,234</b>				

## WISH

Priority order	Brand Area	Item	Cost (\$ M)	Target	% of Target	Associated PV (M)	Other Impact			
1	RM	SGS mailer to franchise	\$ (800)			-	database strength			
2	Equity	Incremental print (equity campaign - page + 1/3 units)	\$ (8,000)				brand equity ; AF/LTBB awareness			
3	RM	Incentive mailer to non responders - prior to retargeting	\$ (1,764)			19,008	database strength	12,355	471	(1,293)
4	RM	Incremental Poker media (10 spreads ; 12 pages)	\$ (1,600)				greater engagement among extended buyer base			
5	RM	Birthday Mailer to OUs/Competitive	\$ (5,694)			-	ou/comp value-add			
6	RM	S&D mailer to Franchise	\$ (1,884)			-	franchise value-add			
7	RM	Advocacy - focus on RET/Mavens	\$ (350)			-	database strength			
		<b>Total</b>	<b>\$ (20,092)</b>	<b>\$ 14,000</b>	<b>-144%</b>	<b>19,008</b>				

*DM Backup*

53228 4036

## 2005 vs 2004 workplan comparison

2005 - Total		Scenario 1 + \$13 MM							
3/5/5 cpns 12 mlrs	Avg. per month	Mailed Quantity (MM)	Offered Value	PV (M)	IPV (M)	Redemption Cost (MM)	Production* (MM)	Total Cost (MM)	Red \$/stick (M)
RET	408,199	4,898,388	\$ 36,173,313	1,055,807	131,902	\$ 13,237	\$ 1,674	\$ 14,911	\$ 12.54
SOR	1,036,827	12,441,924	\$ 143,272,286	1,659,128	835,015	\$ 30,549	\$ 4,251	\$ 34,800	\$ 18.41
CVO	2,207,586	26,491,032	\$ 292,274,968	2,207,863	1,435,230	\$ 45,925	\$ 9,051	\$ 54,976	\$ 20.80
Workplan	3,652,612	43.8	\$ 471.7	4,922,798	2,402,147	\$ 89,712	\$ 14,976	\$ 104,687	\$ 18.22

\*includes 2 Custom mailers

Orig Plan: 3.2

2005 - Total		Scenario 1 + \$15.2 MM							
3/5/5 cpns 12 mlrs	Avg. per month	Mailed Quantity (MM)	Offered Value	PV (M)	IPV (M)	Redemption Cost (MM)	Production* (MM)	Total Cost (MM)	Red \$/stick (M)
RET	408,199	4,898,388	\$ 36,173,313	1,055,807	131,902	\$ 13,237	\$ 1,674	\$ 14,911	\$ 12.54
SOR	1,046,827	12,561,924	\$ 144,654,120	1,672,280	841,599	\$ 30,823	\$ 4,292	\$ 35,115	\$ 18.43
CVO	2,297,586	27,571,032	\$ 304,190,584	2,297,874	1,493,742	\$ 47,797	\$ 9,420	\$ 57,217	\$ 20.80
Total Workplan	3,752,612	45.0	\$ 485.0	5,025,961	2,467,243	\$ 91,858	\$ 15,386	\$ 107,243.4	\$ 18.28

\*includes 2 Custom mailers

2005 - Total		Scenario 1 + \$20.9 MM							
3/5/5 cpns 12 mlrs	Avg. per month	Mailed Quantity (MM)	Offered Value	PV (M)	IPV (M)	Redemption Cost (MM)	Production* (MM)	Total Cost (MM)	Red \$/stick (M)
RET	408,199	4,898,388	\$ 36,173,313	1,055,807	131,902	\$ 13,237	\$ 1,674	\$ 14,911	\$ 12.54
SOR	1,071,827	12,861,924	\$ 148,108,705	1,705,158	858,059	\$ 31,507	\$ 4,394	\$ 35,902	\$ 18.48
CVO	2,477,586	29,731,032	\$ 328,021,817	2,477,897	1,610,766	\$ 51,542	\$ 10,158	\$ 61,700	\$ 20.80
Total Workplan	3,957,612	47.5	\$ 512.3	5,238,862	2,600,727.2	\$ 96,286	\$ 16,226	\$ 112,512.5	\$ 18.38

\*includes 2 Custom mailers

2004 - Total									
4/5/6 coupons in 12 mailers	Avg. per month	Mailed Quantity (MM)	Offered Value	PV (M)	IPV (M)	Redemption Cost (MM)	Production (MM)	Total Cost (MM)	Red \$/stick (M)
RET	318,212	3,818,539	\$ 34,413,486	1,144,096	142,932	\$ 13,164	\$ 955	\$ 14,119	\$ 11.51
SOR	810,092	9,721,108	\$ 150,123,038	1,833,252	924,328	\$ 34,810	\$ 2,430	\$ 37,241	\$ 18.99
CVO	1,420,715	17,048,583	\$ 251,828,962	1,868,582	1,195,249	\$ 38,841	\$ 4,262	\$ 43,103	\$ 20.79
Total Workplan	2,549,019	30.6	\$ 436.4	4,845,930	2,262,509	\$ 86,816	\$ 7,647	\$ 94,463	\$ 17.92

\*includes 2 Custom mailers

2005 vs. 2004	Avg. Mail Q/month	Mailed Quantity (MM)	Offered Value	PV (M)	IPV (M)	Redemption Cost (MM)	Production (MM)	Total Cost (MM)
3/5/5 in 12 mlrs + \$13 MM	43%	43%	8%	2%	6%	3%	96%	11%
3/5/5 in 12 mlrs + \$15.2 MM	47%	47%	11%	4%	9%	6%	101%	14%
3/5/5 in 12 mlrs + \$20.9 MM	55%	55%	17%	8%	15%	11%	112%	19%

## Winston 2005 IPV Mailings Scenarios

Brand	Offered Value	Offered Value	Mailed Quantity	PV (Sticks)	IPV (Sticks)	Simple Mailing Prod. / Post. Cost	Redemption Cost	Total Cost	Cost per Stick ~Tot Cost / PV
<b>1 Month</b>									
Model 2.11 XT Scen 8 Matrix 4 - 12 mailings to all groups 3/5/5 coupons (.25 for Prod Cost)									
<b>Winston</b>									
CVO / Carton / Competitive			725,322	82,789,325	58,050,219	\$181,330.50	\$1,630,224.08	\$1,878,632.88	0.01969
CVO / Carton / Franchise			88,674	15,141,055	6,209,953	\$22,168.50	\$280,190.38	\$313,802.70	0.01851
CVO / Pack / Competitive			915,249	42,771,298	29,990,379	\$228,812.25	\$1,027,654.29	\$1,318,944.53	0.02403
CVO / Pack / Franchise			98,341	11,616,262	4,764,294	\$24,585.25	\$230,249.36	\$264,947.89	0.01982
CVO	\$	20,163,716	1,827,586	152,317,941	99,014,844	456,897	3,168,318	3,776,328	0.0208
Retention / Carton / Franchise			298,638	71,547,925	8,938,482	\$74,659.50	\$887,914.69	\$1,005,502.94	0.01241
Retention / Pack / Franchise			109,561	16,435,989	2,053,348	\$27,390.25	\$215,182.69	\$252,434.53	0.01309
RET	\$	3,014,443	408,199	87,983,915	10,991,830	102,056	1,103,097	1,257,937	0.01254
SOR Lift / Carton / Competitive			254,938	38,914,892	23,819,805	\$63,734.50	\$787,048.73	\$881,391.92	0.02022
SOR Lift / Carton / Franchise			269,082	52,781,065	32,307,290	\$67,270.50	\$855,176.29	\$963,948.61	0.0162
SOR Lift / Pack / Competitive			265,152	18,083,728	4,715,874	\$66,288.00	\$398,813.01	\$487,139.02	0.02205
SOR Lift / Pack / Franchise			197,655	23,001,324	5,998,285	\$49,413.75	\$390,747.94	\$462,129.80	0.01699
SOR	\$	11,363,593	986,827	132,781,008	68,841,254	246,707	2,431,788	2,794,603	0.01831
<b>Winston Total</b>	\$	34,541,751	3,222,612	373,082,864	176,847,928	\$805,653.00	\$6,703,201.45	\$7,828,874.83	0.01797

Scenarios	Offered Value	Red Cost	PV	Cost/stick Ratio
S8M4 at 12 months	\$ 414,501,018	\$80,438,417.38	4,476,994,363	0.017967058

vs. orig  
+430

	Quantity	Avg. monthly AML	# Coupons (per mailer)	Values	PV	Redemption Cost	Production, postage, etc cost	Total
IPV Mailers							\$ 0.25	
RET	10	408	3	Matrix; 3	879,839	11,031	\$ 1,020	\$ 12,051
SOR Franchise	10	467	5		757,824	12,459	\$ 1,167	\$ 13,626
SOR Competitive	10	570	5		624,783	12,999	\$ 1,425	\$ 14,424
SOR	10	1037	5	tiers	1,382,607	25,458	\$ 2,592	\$ 28,050
CVO	10	2208	5		1,839,886	38,271	\$ 5,519	\$ 43,790
Total	10	3,653			4,102,332	\$ 74,760	\$ 9,132	\$ 83,891
Custom Mailers							\$0.70 - 0.90	
RET	2	408	3	Matrix; 3	175,968	2,206	\$ 653	\$ 2,859
SOR Franchise	2	467	5		151,565	2,492	\$ 747	\$ 3,239
SOR Competitive	2	570	5		124,957	2,600	\$ 912	\$ 3,512
SOR	2	1037	5	tiers	276,521	5,092	\$ 1,659	\$ 6,751
CVO	2	2208	5		367,977	7,654	\$ 3,532	\$ 11,186
Total	2	3,653			820,466	\$ 14,952	\$ 5,844	\$ 20,796
Welcome Series	2	mailers to each new smoker					\$ 0.35	
Franchise	19	20	2	Mir1&2 - \$1/pk + \$4/ctn	29,868	\$ 726	\$ 133	\$ 859
Competitive	19	60	2	Mir1 - BIGIF + \$1/pk / Mir2 - (2) \$1/pk	16,074	\$ 1,314	\$ 285	\$ 1,599
Total	19	80			45,942	\$ 2,040	\$ 418	\$ 2,458
Switch back	1	Reduce buyer base attrition					\$ 0.35	
AML Win UBS	1	57	2	BIGIF + \$1/pk			\$	-
AML Win 2UBs	1	100	2	BIGIF + \$1/pk			\$	-
Total	1	158			3,120	\$ 290	\$ 55	\$ 345
Postcards							\$ 0.25	
RET	2	408	no coupons	N/A	N/A	N/A	\$ 204	
SOR Franchise	2	467	no coupons	N/A	N/A	N/A	\$ 233	
SOR Competitive	2	570	no coupons	N/A	N/A	N/A	\$ 285	
SOR	2	1037	no coupons	N/A	N/A	N/A	\$ 518	
CVO	2	2208	no coupons	N/A	N/A	N/A	\$ 1,104	
Total	2	3,653					\$ 1,826	
Birthday							\$ 2.50	
RET	0	408	no coupons	N/A	N/A	N/A	\$	-
SOR Franchise	0	467	no coupons	N/A	N/A	N/A	\$	-
Total	0	875					\$	-
RET	17		34		1,085,675	\$ 13,963	\$ 2,011	\$ 15,974
SOR	17/16		58		1,662,249	\$ 30,839	\$ 4,825	\$ 35,664
CVO	16		58		2,223,937	\$ 47,239	\$ 10,440	\$ 57,679
Total					4,971,861	\$ 92,042	\$ 17,275	\$ 109,317

versus original \$12,980,837

(media only)

2004LE 2,549

2005 orig 3,223

53228 4039

	Quantity	Avg. monthly AML	# Coupons (per mailer)	Values	PV	Redemption Cost	Production, postage, etc cost	Total
<b>IPV Mailers</b>								
RET	10	408	3	Matrix; 3	879,839	11,031	\$ 0.25 \$ 1,020	\$ 12,051
SOR Franchise	10	467	5		757,824	12,459	\$ 1,167	\$ 13,626
SOR Competitive	10	580	5		635,742	13,227	\$ 1,450	\$ 14,677
SOR	10	1047	5	tiers	1,393,566	25,686	\$ 2,617	\$ 28,303
CVO	10	2298	5		1,914,895	39,831	\$ 5,744	\$ 45,575
<b>Total</b>	<b>10</b>	<b>3,753</b>			<b>4,188,301</b>	<b>\$ 76,548</b>	<b>\$ 9,382</b>	<b>\$ 85,930</b>
<b>Custom Mailers</b>								
RET	2	408	3	Matrix; 3	175,968	2,206	\$ 0.70 - 0.90 \$ 653	\$ 2,859
SOR Franchise	2	467	5		151,565	2,492	\$ 747	\$ 3,239
SOR Competitive	2	580	5		127,148	2,645	\$ 928	\$ 3,573
SOR	2	1047	5	tiers	278,713	5,137	\$ 1,675	\$ 6,812
CVO	2	2298	5		382,979	7,966	\$ 3,676	\$ 11,642
<b>Total</b>	<b>2</b>	<b>3,753</b>			<b>837,660</b>	<b>\$ 15,310</b>	<b>\$ 6,004</b>	<b>\$ 21,314</b>
<b>Welcome Series</b>								
Franchise	19	20	2	mailers to each new smoker Mir1&2 - \$1/pk + \$4/ctn	29,868	\$ 726	\$ 133	\$ 859
Competitive	19	60	2	Mir1 - BIGIF +\$1/pk / Mir2 - (2) \$1/pk	16,074	\$ 1,314	\$ 285	\$ 1,599
<b>Total</b>	<b>19</b>	<b>80</b>			<b>45,942</b>	<b>\$ 2,040</b>	<b>\$ 418</b>	<b>\$ 2,458</b>
<b>Switch back</b>								
AML Win UBS	1	57	2	Reduce buyer base attrition BIGIF +\$1/pk			\$ 0.35 \$	\$ -
AML Win 2UBs	1	100	2	BIGIF +\$1/pk			\$	\$ -
<b>Total</b>	<b>1</b>	<b>158</b>			<b>3,120</b>	<b>\$ 290</b>	<b>\$ 55</b>	<b>\$ 345</b>
<b>Postcards</b>								
RET	2	408	no coupons	N/A	N/A	N/A	\$ 0.25 \$ 204	
SOR Franchise	2	467	no coupons	N/A	N/A	N/A	\$ 233	
SOR Competitive	2	580	no coupons	N/A	N/A	N/A	\$ 290	
SOR	2	1047	no coupons	N/A	N/A	N/A	\$ 523	
CVO	2	2298	no coupons	N/A	N/A	N/A	\$ 1,149	
<b>Total</b>	<b>2</b>	<b>3,753</b>					<b>\$ 1,876</b>	
<b>Birthday</b>								
RET	0	408	no coupons	N/A	N/A	N/A	\$ 2.50 \$ -	
SOR Franchise	0	467	no coupons	N/A	N/A	N/A	\$ -	
<b>Total</b>	<b>0</b>	<b>875</b>					<b>\$ -</b>	
RET	17		34		1,085,675	\$ 13,963	\$ 2,011	\$ 15,974
SOR	17/16		58		1,675,400	\$ 31,113	\$ 4,871	\$ 35,983
CVO	16		58		2,313,948	\$ 49,111	\$ 10,854	\$ 59,965
<b>Total</b>					<b>5,075,023</b>	<b>\$ 94,188</b>	<b>\$ 17,735</b>	<b>\$ 111,923</b>

versus original \$15,586,746

Media + CTS



	Quantity	Avg. monthly AML	# Coupons (per mailer)	Values	PV	Redemption Cost	Production, postage, etc cost	Total
<b>IPV Mailers</b>							\$ 0.25	
RET	10	408	3	Matrix; 3	879,839	11,031	\$ 1,020	\$ 12,051
SOR Franchise	10	467	5		757,824	12,459	\$ 1,167	\$ 13,626
SOR Competitive	10	605	5		663,141	13,797	\$ 1,513	\$ 15,309
SOR	10	1072	5	tiers	1,420,965	26,256	\$ 2,680	\$ 28,936
CVO	10	2478	5		2,064,914	42,952	\$ 6,194	\$ 49,146
<b>Total</b>	<b>10</b>	<b>3,958</b>			<b>4,365,718</b>	<b>\$ 80,239</b>	<b>\$ 9,894</b>	<b>\$ 90,133</b>
<b>Custom Mailers</b>							\$0.70 - 0.90	
RET	2	408	3	Matrix; 3	175,968	2,206	\$ 653	\$ 2,859
SOR Franchise	2	467	5		151,565	2,492	\$ 747	\$ 3,239
SOR Competitive	2	605	5		132,628	2,759	\$ 968	\$ 3,727
SOR	2	1072	5	tiers	284,193	5,251	\$ 1,715	\$ 6,966
CVO	2	2478	5		412,983	8,590	\$ 3,964	\$ 12,554
<b>Total</b>	<b>2</b>	<b>3,958</b>			<b>873,144</b>	<b>\$ 16,048</b>	<b>\$ 6,332</b>	<b>\$ 22,380</b>
<b>Welcome Series</b>	2	mailers to each new smoker					\$ 0.35	
Franchise	19	20	2	Mir1&2 - \$1/pk + \$4/ctn	29,868	\$ 726	\$ 133	\$ 859
Competitive	19	60	2	Mir1 - BIGIF +\$1/pk / Mir2 - (2) \$1/pk	16,074	\$ 1,314	\$ 285	\$ 1,599
<b>Total</b>	<b>19</b>	<b>80</b>			<b>45,942</b>	<b>\$ 2,040</b>	<b>\$ 418</b>	<b>\$ 2,458</b>
<b>Switch back</b>	1	Reduce buyer base attrition					\$ 0.35	
AML Win UBS	1	57	2	BIGIF +\$1/pk			\$	-
AML Win 2UBs	1	100	2	BIGIF +\$1/pk			\$	-
<b>Total</b>	<b>1</b>	<b>158</b>			<b>3,120</b>	<b>\$ 290</b>	<b>\$ 55</b>	<b>\$ 345</b>
<b>Postcards</b>							\$ 0.25	
RET	2	408	no coupons	N/A	N/A	N/A	\$ 204	
SOR Franchise	2	467	no coupons	N/A	N/A	N/A	\$ 233	
SOR Competitive	2	605	no coupons	N/A	N/A	N/A	\$ 303	
SOR	2	1072	no coupons	N/A	N/A	N/A	\$ 536	
CVO	2	2478	no coupons	N/A	N/A	N/A	\$ 1,239	
<b>Total</b>	<b>2</b>	<b>3,958</b>					<b>\$ 1,979</b>	
<b>Birthday</b>							\$ 2.50	
RET	0	408	no coupons	N/A	N/A	N/A	\$ -	
SOR Franchise	0	467	no coupons	N/A	N/A	N/A	\$ -	
<b>Total</b>	<b>0</b>	<b>875</b>					<b>\$ -</b>	
RET	17		34		1,085,675	\$ 13,963	\$ 2,011	\$ 15,974
SOR	17/16		58		1,708,278	\$ 31,797	\$ 4,986	\$ 36,782
CVO	16		58		2,493,971	\$ 52,856	\$ 11,682	\$ 64,538
<b>Total</b>					<b>5,287,924</b>	<b>\$ 98,616</b>	<b>\$ 18,678</b>	<b>\$ 117,294</b>

versus original \$20,958,373

*Media + CTS + Reserve*

Current 05 (Orig)

	Quantity	Avg. monthly AML	# Coupons (per mailer)	Values	PV	Redemption Cost	Production, postage, etc cost	Total
IPV Mailers								
RET	10	408	3	Matrix; 3	879,839	11,031	\$ 0.25 \$ 1,020	\$ 12,051
SOR Franchise	10	467	5		757,824	12,459	\$ 1,167	\$ 13,626
SOR Competitive	10	520	5		569,986	11,859	\$ 1,300	\$ 13,159
SOR	10	987	5	tiers	1,327,810	24,318	\$ 2,467	\$ 26,785
CVO	10	1828	5		1,523,179	31,683	\$ 4,569	\$ 36,252
Total	10	3,223			3,730,829	\$ 67,032	\$ 8,057	\$ 75,089
Custom Mailers								
RET	2	408	3	Matrix; 3	175,968	2,206	\$ .50 - .68 \$ 482	\$ 2,688
SOR Franchise	2	467	5		151,565	2,492	\$ 551	\$ 3,043
SOR Competitive	2	520	5		113,997	2,372	\$ 614	\$ 2,985
SOR	2	987	5	tiers	265,562	4,864	\$ 1,164	\$ 6,028
CVO	2	1828	5		304,636	6,337	\$ 2,157	\$ 8,493
Total	2	3,223			746,166	\$ 13,406	\$ 3,803	\$ 17,209
Welcome Series								
	2	mailers to each new smoker					\$ 0.25	
Franchise	19	20	Mir1&2 - \$1/pk + 2 \$4/ctn		29,868	\$ 726	\$ 95	\$ 95
Competitive	19	60	Mir1 - BIGIF +\$1/pk 2 / Mir2 - (2) \$1/pk		16,074	\$ 1,314	\$ 285	\$ 1,599
Total	19	80			45,942	\$ 2,040	\$ 380	\$ 2,420
Switch back								
	1	Reduce buyer base attrition					\$ 0.25	
AML Win UBS	1	57	2 BIGIF +\$1/pk				\$	\$ -
AML Win 2UBs	1	100	2 BIGIF +\$1/pk				\$	\$ -
Total	1	158			3,120	\$ 290	\$ 39	\$ 329
Postcards								
RET	2	408	no coupons	N/A	N/A	N/A	\$ 0.20 \$ 163	
SOR Franchise	2	467	no coupons	N/A	N/A	N/A	\$ 187	
SOR Competitive	2	520	no coupons	N/A	N/A	N/A	\$ 208	
SOR	2	987	no coupons	N/A	N/A	N/A	\$ 395	
CVO	2	1828	no coupons	N/A	N/A	N/A	\$ 731	
Total	2	3,223					\$ 1,289	
Birthday								
RET	0	408	no coupons	N/A	N/A	N/A	\$ 2.50 \$ -	
SOR Franchise	0	467	no coupons	N/A	N/A	N/A	\$ -	
Total	0	875					\$ -	
RET	17		34		1,085,675	\$ 13,963	\$ 1,760	\$ 15,724
SOR	17/16		58		1,596,493	\$ 29,471	\$ 4,066	\$ 33,537
CVO	16		58		1,843,889	\$ 39,334	\$ 7,742	\$ 47,075
Total					4,526,057	\$ 82,768	\$ 13,568	\$ 96,336

# Summary of Geographies rationale

Tier	States	Quantity	% of Business	Avg. SET/pack	AML (Aug)	Avg. Red. (Jan-Apr)	Cpn Changes*
Ex-Hi	FL / NC / VA	3	17.8%	\$ 0.20	432,463	17%	Pricing test
Hi	CA / CT / GA / IN / KS / KY MI / MO / NY / OH / PA RI / TN / TX / WA / WV	17	51.4%	\$ 1.06	1,580,790	16%	\$4 to \$3 Ctn cpn in SOR/CVO Franchise
Lo	AL / AK / AR / AZ / CO / DC DE / HI / IA / ID / IL / LA / MA MD / ME / MN / MS / MT / ND NE / NH / NM / NV / OK / OR SC / SD / UT / VT / WI / WY	31	30.8%	\$ 0.67	814,981	16%	-\$1 in all Ctn Cpn to Franchise

\$2mm

\* all \$2 off 4 pks changed to \$1 off 2 pks

Sensitivities  
- Results of high SET state test

53228 4043

Scenario 6A Matrix 4	Mailed Quantity	PV	Redemption	Production	Total Cost	Red \$/stick
RET	408,199	87,983,915	\$ 1,103,097	\$ 99,764	\$ 1,202,861	\$ 12.54
SOR	982,810	133,356,346	2,403,188	240,199	2,643,387	\$ 18.02
CVO	1,827,586	152,317,941	\$ 3,168,318	\$ 446,662	\$ 3,614,980	\$ 20.80
<b>Total</b>	<b>3,218,595</b>	<b>373,658,202</b>	<b>6,674,604</b>	<b>786,625</b>	<b>7,461,228</b>	<b>\$ 17.86</b>

8/9 LE	Mailed Quantity	PV	Redemption	Production	Total Cost	Red \$/stick
RET	318211,5833	95,341,333	\$ 1,097,016	\$ 77,771	\$ 1,174,787	\$ 11.51
SOR	810,092	152,771,000	\$ 2,900,852	\$ 197,987	\$ 3,098,839	\$ 18.99
CVO	1,420,715	155,715,167	\$ 3,236,769	\$ 347,223	\$ 3,583,992	\$ 20.79
<b>Total</b>	<b>2,549,019</b>	<b>403,827,500</b>	<b>7,234,637</b>	<b>622,980</b>	<b>7,857,617</b>	<b>\$ 17.92</b>

$$+26\% \quad -7.5\% \quad \cancel{+26\%} \quad +26\% \quad -5\%$$

~~Total cost~~  
- 13%

## 2005 AML Forecast -- Post Integration

Target	Oct/04 AML		Dec/04 AML		Attrition		Incrementals		Dec/05 AML		Brand Incrementals		Dec/05 AML plus		Budgeting Mid-yr 2005	
WINSTON	3,901,866	29.5%	4,073,892	29.5%	826,587	29.5%	869,400	20.7%	4,116,705	27.1%	-	0.0%	4,116,705	24.2%	4,095,298	26.6%
CAMEL	3,436,986	26.0%	3,588,516	26.0%	728,105	26.0%	1,583,400	37.7%	4,443,811	29.2%	1,400,000	77.8%	5,843,811	34.4%	4,716,164	30.6%
SALEM	1,378,064	10.4%	1,438,820	10.4%	291,935	10.4%	436,800	10.4%	1,583,686	10.4%	-	0.0%	1,583,686	9.3%	1,511,253	9.8%
DORAL	2,303,794	17.4%	2,405,364	17.4%	488,045	17.4%	504,000	12.0%	2,421,319	15.9%	-	0.0%	2,421,319	14.2%	2,413,341	15.7%
Eclipse	114,851	0.9%	119,915	0.9%	24,330	0.9%	29,400	0.7%	124,984	0.8%	-	0.0%	124,984	0.7%	122,449	0.8%
ALL OTHER FP	169,870	1.3%	177,359	1.3%	35,986	1.3%	46,200	1.1%	187,573	1.2%	-	0.0%	187,573	1.1%	182,466	1.2%
KOOL	905,000	6.8%	944,900	6.8%	191,719	6.8%	403,200	9.6%	1,156,381	7.6%	400,000	22.2%	1,556,381	9.2%	1,250,640	8.1%
PALL MALL	545,836	4.1%	569,901	4.1%	115,632	4.1%	197,400	4.7%	651,669	4.3%	-	0.0%	651,669	3.8%	610,785	4.0%
CAPRI	246,700	1.9%	257,577	1.9%	52,262	1.9%	58,800	1.4%	264,115	1.7%	-	0.0%	264,115	1.6%	260,846	1.7%
MISTY SLIMS	181,901	1.4%	189,921	1.4%	38,535	1.4%	46,200	1.1%	197,586	1.3%	-	0.0%	197,586	1.2%	193,753	1.3%
AMERICAN SPIRIT	32,384	0.2%	33,812	0.2%	6,860	0.2%	25,200	0.6%	52,151	0.3%	-	0.0%	52,151	0.3%	42,982	0.3%
Miscellaneous	24	0.0%	25	0.0%	5	0.0%	-	0.0%	20	0.0%	-	0.0%	20	0.0%	23	0.0%
	<b>13,217,276</b>	<b>100.0%</b>	<b>13,800,000</b>	<b>100.0%</b>	<b>2,800,000</b>	<b>100.0%</b>	<b>4,200,000</b>	<b>100.0%</b>	<b>15,200,000</b>	<b>100.0%</b>	<b>1,800,000</b>	<b>100.0%</b>	<b>17,000,000</b>	<b>100.0%</b>	<b>15,400,000</b>	<b>100.0%</b>
CAM ASU 30	1,547,885	45.0%	1,616,128	45.0%	327,910	45.0%	713,102	45.0%	2,001,320	45.0%	980,000	70.0%	2,981,320	51.0%	2,298,724	48.7%
KOO ASU 30	239,302	26.4%	249,852	26.4%	50,695	26.4%	106,615	26.4%	305,773	26.4%	280,000	70.0%	585,773	37.6%	417,813	33.4%

Winston Direct Mail Plan to Impact 2005 Operating Plan

<u>Scenario</u>	<u>Description</u>	<u>Mail Qty M</u>	<u>Value Offered M</u>	<u>Spending M</u>	<u>SOM Chg vs '04</u>
2004	Actuals	30.6	\$ 436.4	\$ 94.5	N/A
Base 2005	2/4/4 - 2 Mailings	38.7	\$ 394.3	\$ 87.9	-0.05
	3/5/5 - 10 Mailings				
Case 1	3/5/5 - 12 Mailings	38.7	\$ 414.5	\$ 92.3	-0.04
Case 2	4/6/6 - 12 Mailings	38.7	\$ 549.8	\$ 126.1	0.01
Case 3	3/5/5 - 12 Mailings	38.7	\$ 448.7	\$ 98.7	-0.03
			394.1	97.3	

PV constant

Note:

Used marketing Mix Models - held constant retail factors

Presumed that TDM spending is held constant from 2004 to 2005

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RJReynolds

Winston Direct Mail Plan to Impact 2005 Operating Plan

Scenario	Description	Mail Qty M	Value Offered M	Spending M	SOM Chg vs '04
2004	Acutals	30.6	\$ 436.4	\$ 94.5	N/A
Base 2005	2/4/4 - 2 Mailings	38.7	\$ 394.3	\$ 87.9	-0.05
	3/5/5 - 10 Mailings				
→ Case 1	3/5/5 - 12 Mailings	38.7	\$ 414.5	\$ 92.3	-0.04
Case 2	4/6/6 - 12 Mailings	38.7	\$ 549.8	\$ 126.1	0.01
X Case 3	3/5/5 - 12 Mailings	38.7	\$ 448.7	\$ 98.7	-0.03
Case 4	3/5/5 - 11 Mailings	38.7	\$ 394.1	\$ 97.3	-0.05
	2/4/4 - 1 Mailing				
Case 5	3/5/5 - 12 Mailings	38.7	\$ 402.1	\$ 99.5	-0.04

Note:

Used marketing Mix Models - held constant retail factors

Presummed that TDM spending is held constant from 2004 to 2005

PV  
4.8  
4.2  
~~4.5~~  
6.1  
4.8  
5.0

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*Retail Backup*

53228 4048



July 2004 Data

Resp Building Block

6 month Ann Trend

POB

BDI

wtd trend

Ind POB

Resp	Building Block	6 month Ann Trend	POB	BDI	wtd trend	Ind POB
33	MAC	-1.20	1.85	141	-0.07	1.31
23	NV/UT	-1.09	0.89	66	-0.03	1.35
2	FL	-0.94	7.84	112	-0.23	7.00
22	NJ	-0.85	1.14	60	-0.03	1.92
24	AZ/NM	-0.63	1.59	84	-0.03	1.90
16	SC	-0.55	3.07	157	-0.05	1.96
13	AL	-0.55	2.51	123	-0.04	2.03
38	WA <	-0.49	1.28	110	-0.02	1.17
19	NTX	-0.43	1.46	55	-0.02	2.64
7	STX	-0.41	2.67	77	-0.03	3.48
15	OK	-0.28	1.83	95	-0.02	1.93
12	MS	-0.24	1.46	99	-0.01	1.47
18	MT/ND/NE/SD/WY	-0.24	1.04	58	-0.01	1.80
32	MN	-0.24	1.35	82	-0.01	1.65
25	NY	-0.24	2.08	71	-0.02	2.92
15			32.0	93	-0.62	34.5
			DECLINING			

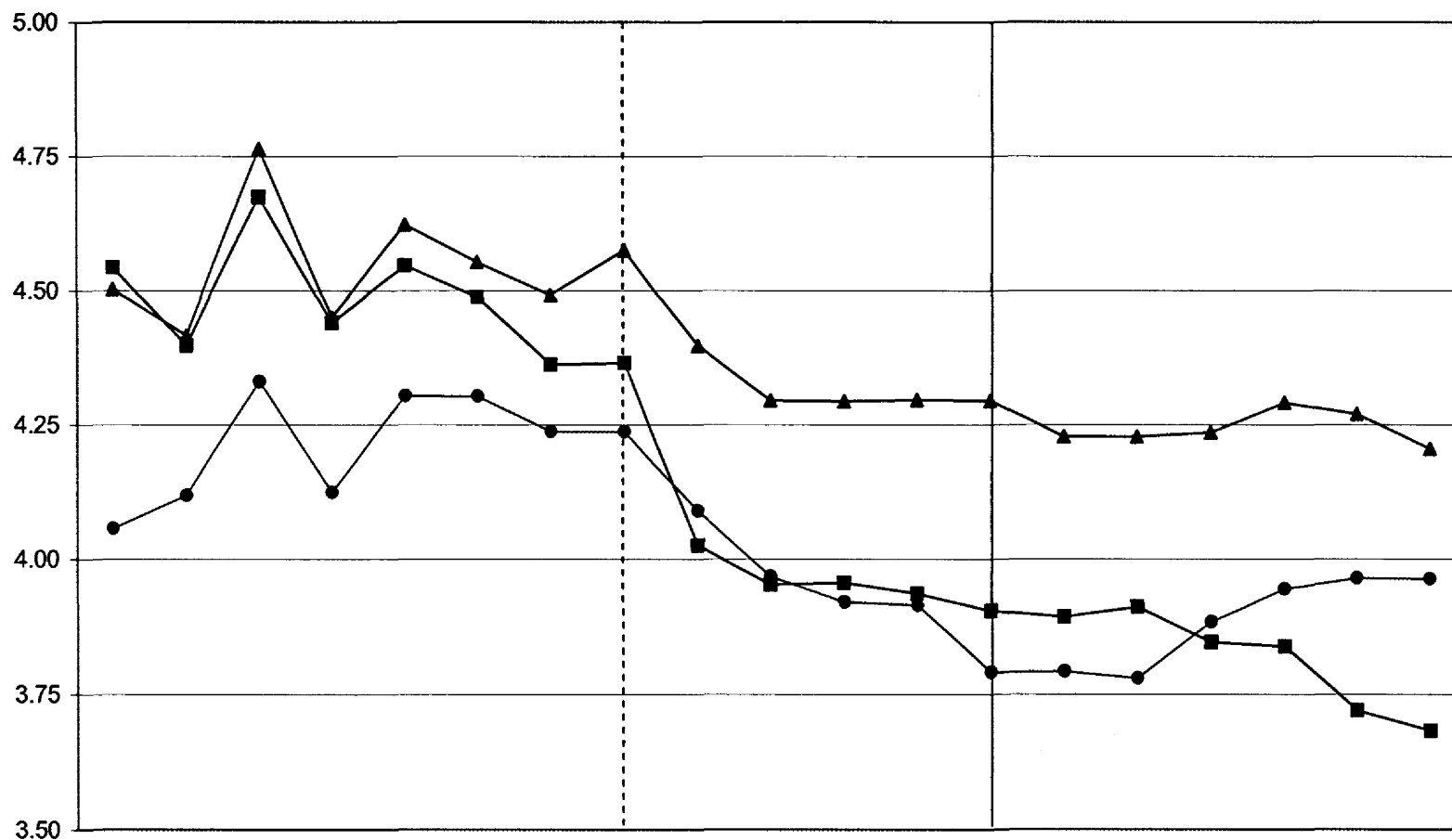
-0.05 < m4  
-0.04 < NV/UT  
-0.19 < FL  
-0.05  
-0.03  
-0.03 < SC .38  
-0.03  
-0.02  
-0.03 < TX  
-0.04 <  
-0.02  
-0.01  
-0.01  
-0.01  
-0.01  
-0.02  
-0.58

36	IA	-0.11 <	1.19	83	0.00	1.44
21	VA	-0.08 <	3.52	94	-0.01	3.74
31	DC/DE/MD	-0.07 <	1.66	73	0.00	2.27
9	PA/WV	-0.07 <	4.41	85	-0.01	5.20
3	OH	-0.06	7.27	136	-0.01	5.35
17	CT/RI	-0.02	1.30	89	0.00	1.45
29	NCA	-0.01	2.11	80	0.00	2.64
34	SCA	0.09	1.65	66	0.00	2.49
14	TN	0.10	4.65	154	0.01	3.03
28	ID/OR	0.16	1.78	108	0.01	1.64
5	GA	0.17	5.01	150	0.02	3.34
6	IN	0.17	4.03	118	0.02	3.43
12			38.6	103	0.03	36.0
			STABLE			

1	NC	0.28	6.37	151	0.06	4.21
35	NY METRO	0.34	1.10	54	0.01	2.05
8	IL	0.35	3.53	97	0.04	3.63
11	MI	0.35	3.40	87	0.04	3.91
27	WI	0.35	1.66	75	0.02	2.20
26	AR	0.44	1.11	85	0.02	1.31
4	KS/MO	0.49	3.99	98	0.07	4.08
10	KY	0.50	3.90	113	0.07	3.45
37	CO	0.51	0.49	82	0.01	0.59
30	ME/NH/VT	0.85	1.91	101	0.06	1.90
20	LA	1.12	1.93	91	0.07	2.13
11			29.4	94	0.46	29.5
			GROWING			

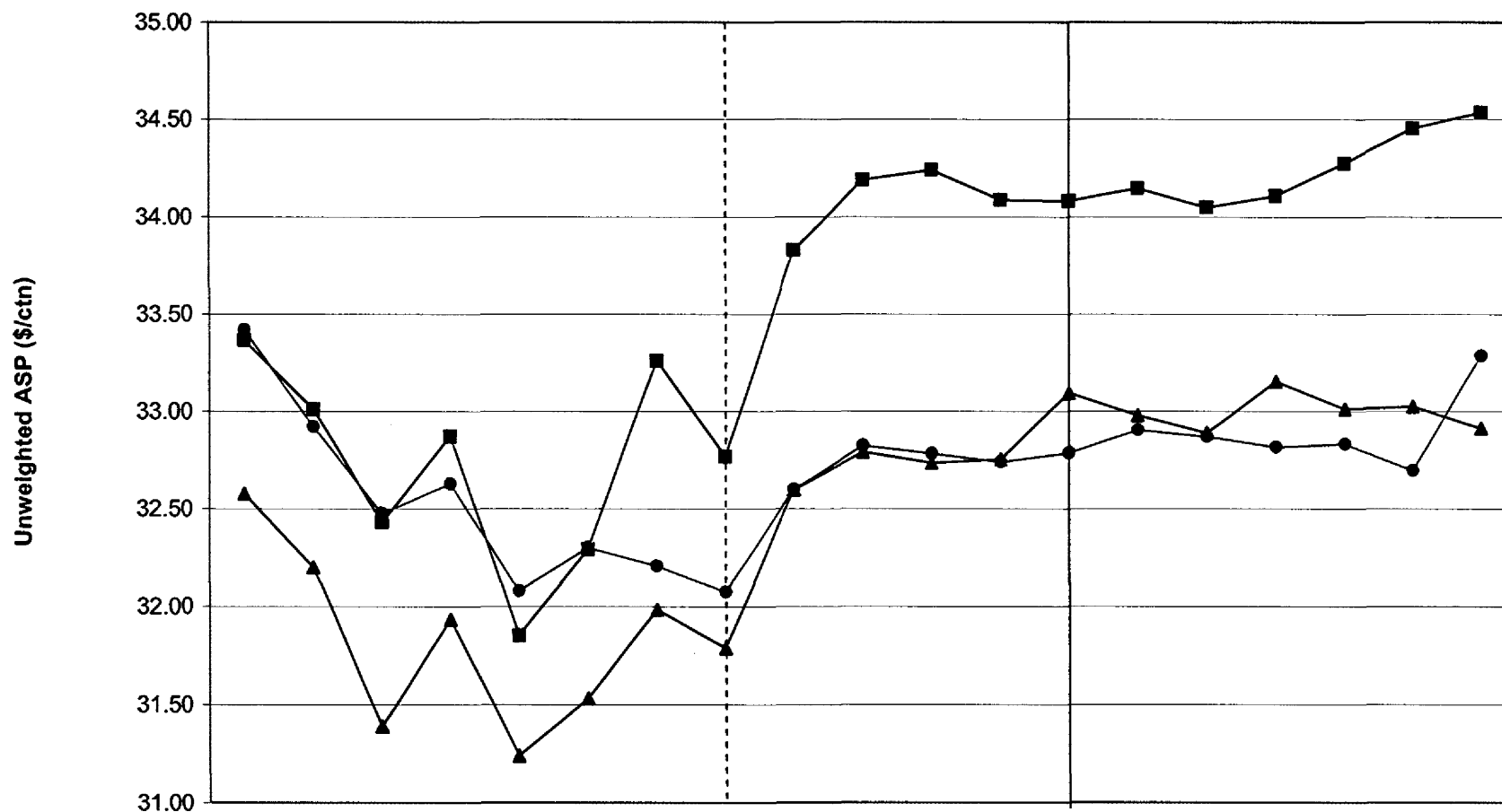
July 2004 Data					wtd trend
Resp	Building Block	6 month Ann Trend	POB	BDI	
33	MA	-1.20	1.85	141	-0.07
23	NV/UT	-1.09	0.89	66	-0.03
2	FL	-0.94	7.84	112	-0.23
22	NJ	-0.85	1.14	60	-0.03
24	AZ/NM	-0.63	1.59	84	-0.03
16	SC	-0.55	3.07	157	-0.05
13	AL	-0.55	2.51	123	-0.04
38	WA	-0.49	1.28	110	-0.02
19	NTX	-0.43	1.46	55	-0.02
7	STX	-0.41	2.67	77	-0.03
15	OK	-0.28	1.83	95	-0.02
12	MS	-0.24	1.46	99	-0.01
18	MT/ND/NE/SD/WY	-0.24	1.04	58	-0.01
32	MN	-0.24	1.35	82	-0.01
25	NY	-0.24	2.08	71	-0.02
15				32.0 93	DECLINING
36	IA	-0.11	1.19	83	0.00
21	VA	-0.08	3.52	94	-0.01
31	DC/DE/MD	-0.07	1.66	73	0.00
9	PA/WV	-0.07	4.41	85	-0.01
3	OH	-0.06	7.27	136	-0.01
17	CT/RI	-0.02	1.30	89	0.00
29	NCA	-0.01	2.11	80	0.00
34	SCA	0.09	1.65	66	0.00
14	TN	0.10	4.65	154	0.01
28	ID/OR	0.16	1.78	108	0.01
5	GA	0.17	5.01	150	0.02
6	IN	0.17	4.03	118	0.02
12				38.6 103	STABLE
1	NC	0.28	6.37	151	0.06
35	NY METRO	0.34	1.10	54	0.01
8	IL	0.35	3.53	97	0.04
11	MI	0.35	3.40	87	0.04
27	WI	0.35	1.66	75	0.02
26	AR	0.44	1.11	85	0.02
4	KS/MO	0.49	3.99	98	0.07
10	KY	0.50	3.90	113	0.07
37	CO	0.51	0.49	82	0.01
30	ME/NH/VT	0.85	1.91	101	0.06
20	LA	1.12	1.93	91	0.07
11				29.4 94	GROWING

# Base Winston SOM



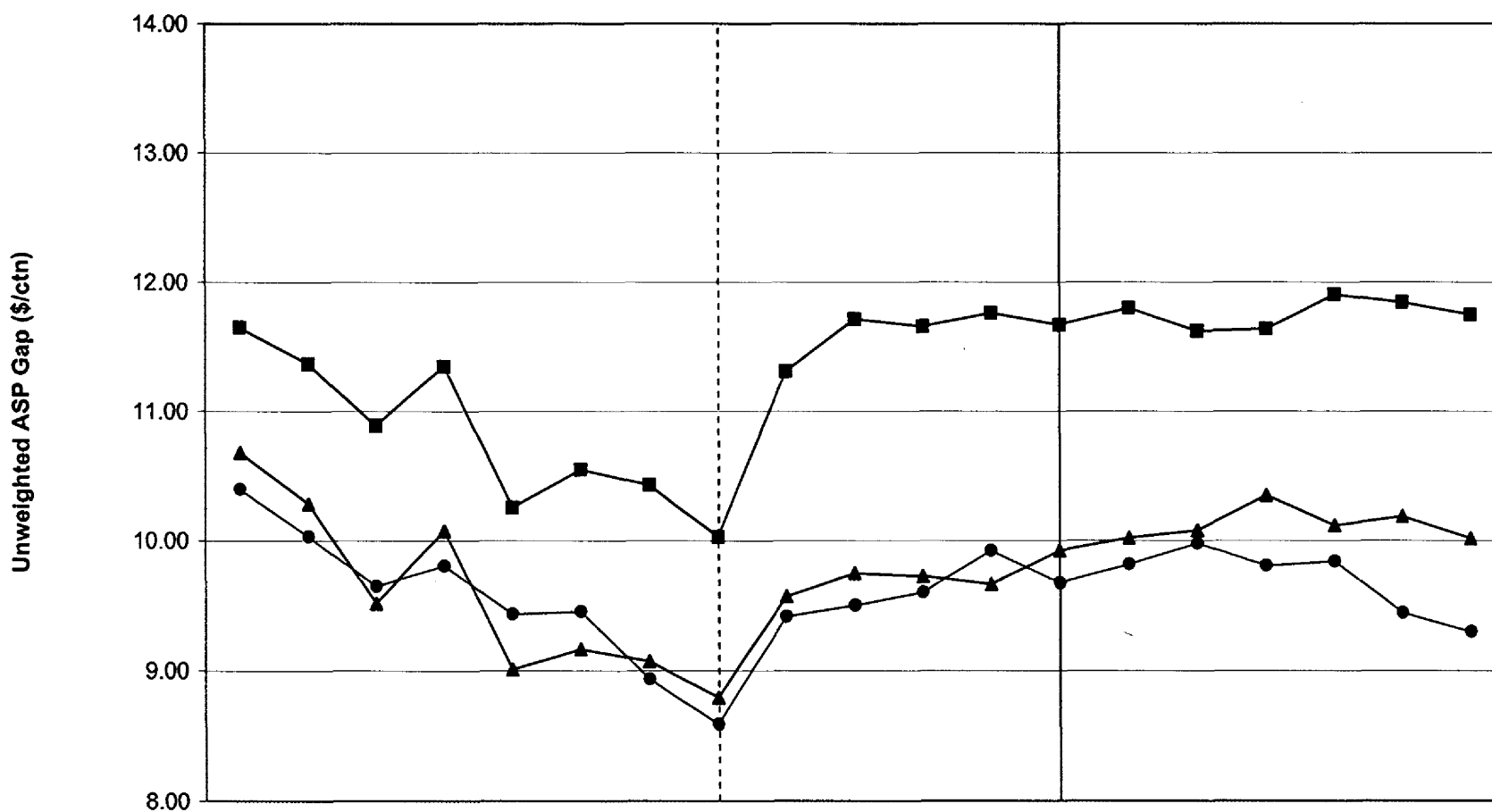
	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04
■ DECLINING	4.54	4.40	4.67	4.44	4.55	4.49	4.36	4.36	4.02	3.95	3.96	3.94	3.90	3.89	3.91	3.85	3.84	3.72	3.68
▲ STABLE	4.50	4.42	4.76	4.45	4.62	4.55	4.49	4.57	4.40	4.29	4.29	4.30	4.29	4.23	4.23	4.23	4.29	4.27	4.20
● GROWING	4.06	4.12	4.33	4.12	4.30	4.30	4.24	4.24	4.09	3.97	3.92	3.91	3.79	3.79	3.78	3.88	3.94	3.96	3.96

# Base Winston ASP



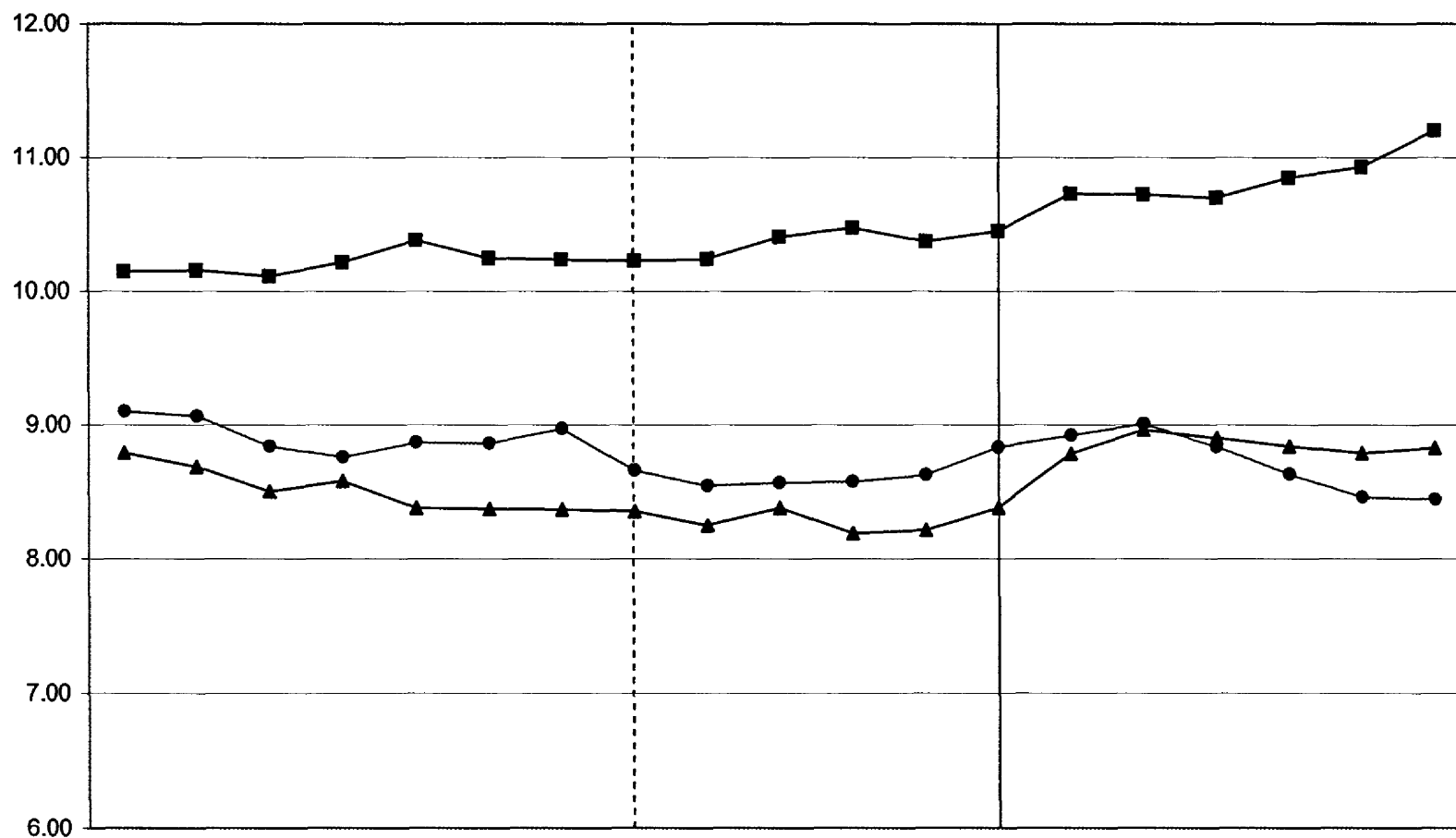
	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04
■ DECLINING	33.37	33.01	32.43	32.87	31.85	32.29	33.26	32.77	33.83	34.19	34.24	34.09	34.08	34.14	34.05	34.11	34.27	34.45	34.53
▲ STABLE	32.58	32.20	31.39	31.93	31.24	31.53	31.98	31.79	32.60	32.79	32.73	32.75	33.09	32.98	32.89	33.15	33.01	33.02	32.91
● GROWING	33.42	32.92	32.47	32.63	32.08	32.30	32.20	32.07	32.60	32.82	32.78	32.74	32.78	32.90	32.87	32.81	32.83	32.69	33.28

# Base Winston ASP Gap To NB4/PL



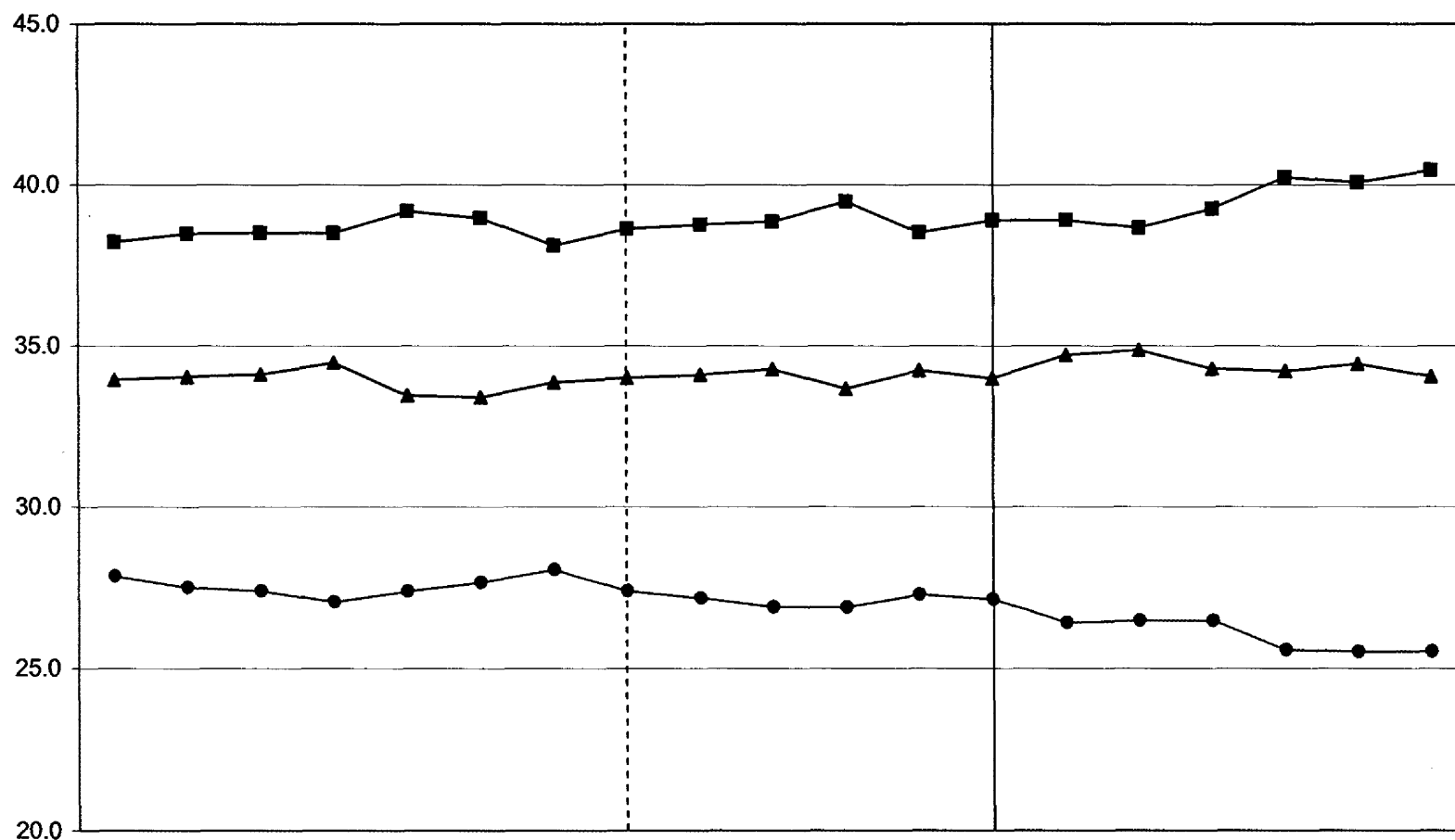
	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04
DECLINING	11.65	11.36	10.89	11.35	10.26	10.55	10.43	10.03	11.31	11.71	11.66	11.76	11.67	11.80	11.62	11.64	11.90	11.84	11.75
STABLE	10.68	10.28	9.52	10.07	9.01	9.16	9.07	8.79	9.57	9.75	9.72	9.66	9.92	10.02	10.08	10.35	10.11	10.19	10.02
GROWING	10.40	10.03	9.65	9.80	9.43	9.45	8.94	8.59	9.41	9.50	9.60	9.92	9.67	9.82	9.98	9.81	9.84	9.44	9.30

# Lowest SOM



*Re-weight...*

# Lowest % of Business



	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04
DECLINING	38.2	38.5	38.5	38.5	39.2	39.0	38.1	38.6	38.8	38.8	39.5	38.5	38.9	38.9	38.7	39.3	40.2	40.1	40.4
STABLE	33.9	34.0	34.1	34.5	33.5	33.4	33.9	34.0	34.1	34.3	33.7	34.2	34.0	34.7	34.9	34.3	34.2	34.4	34.0
GROWING	27.8	27.5	27.4	27.0	27.4	27.7	28.0	27.4	27.2	26.9	26.9	27.3	27.1	26.4	26.5	26.5	25.6	25.5	25.5