

8/28/03

Base price pick-up

Kool "\$7.50 off - special offer"  
consumer sees disct

PV would go away if we didn't pick up "cpn/disct" and  
just new base price instead.

If lower base price of Kool, net price will also go down.

We would have to restate data back ~~to~~ to April 1, 2003  
(to new lower base price)

we treat 8 in price differently

Kool	Misty
Marl	Pall Mall
V-Slms	Maverick
Basic	Viceroy
Parliament	<del>Butt</del>
	<del>Maverick</del>
	Maverick

① eye of the consumer - save " " looks just like W+M  
if we have base price, all PV would go away

② add add'l @ retailer or wholesaler disct so the only stores getting PV would  
be those stores getting add'l disct & not comm. as a Δ in base price

[③ We would need to restate back to April 1, 2003 when Kool & ~~the~~ list price]

③ 2 stores no signs  
8 stores - signs PV  
10 stores - ~~lower price~~

2 }  
8/10 } all stores lower base price, no disct signs  
lower base price ↓ → net price ↓ since PV ↓

④  
an aside

Any noncommunication pre & post

In stores that never communicated the lower price  
ctn/pk

??

drive  
a very  
selling price

519-8053

52963 2837

This is no one's fault in this room

- Sig layoffs
- Sep/Oct
- Seeking Volunteers
- Not all will be voluntary
- Std severance pkg
- Some employees will - will tell people before request for volunteers
- will tell people ASAP

- Build on Core Values

o Implement new Bus Model + Strategy

- ↳ Drive higher margins (Brand Portfolio)
- ↳ 2 growth C+S
- ↳ 2 limited W+D

↳ Targeting pricing + efficient programs (Marketing)

↳ Brand presence at lower cost (Sales)

↳ Integrated cost plan (Operations)

↳ Prod. Improvements (R+D)

↳ address NPM/MSA disadvantages (External Relations)

↳ Leaning on core capabilities (Financial TR/Legal)

## Brand Portfolio

Growth Brands C/S (Higher margins + strong potential)

Ltd w/D (Generate profitable volume)

LT → super prem. beers. (Add'l profit opportunity)

↓ support on PL/M/BV

V/M/N → No Δ

Eclipse → evaluate potential

2006 → C/W/S/D share projected to be 19.1

2003 → " " "expected to be 18.5

## Marketing Approach

Pricing Strategy: discr rates rel to total competition

DM!!!!

Brand Building Programs: Maintain presence / consistent advertising supplemented by e-mail/web

Product Differentiation: concentrate on 2 growth brands

## Sales Strategy

Presence - strong presence on growth brands  
- branded price signage on Ltd Invest. brands  
- shift fixture cost to retailer

Pricing - maintain price comm  
- use diff discr rates  
- fewer BSGSs

Prod. Availability - Same policy as today but modify return goods policy

## Operations

- Quality - Continue high quality / Pool like activities
- Service - Maintain serv. levels needed / Form strategic partnership to reduce cost
- Cost - Reduce cost

## R&D

- Product Development
- Regulatory / Stewardship
- Tech. Support

↓ Cost!!!!

All fn will have layoffs + cost reductions

## Process: Phase I: E Teams

Phase II: (mid June - Aug)

Cross fn teams

↳ finalize program + org Δs

↳ Create implementation plan

↳ Comm + feedback @ all levels

Phase III: (Sept/Oct)

↳ Finalize plan & announce Δs

↳ Begin implementation