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BROWN & WILLIAMSON TOBACCO CORPORATION

INTERNAL CORRESPONDENCE

5/14

cc T.F. [illegible]
S.A. [illegible]
J.M. [illegible]
W. Thompson
File

TO S. A. WALLACE

DEPT.

C.C. to B. E. Bacon
T. J. Mooring
E. P. Tucker

FROM C. L. SCHOENBACHLER/em

DATE May 13, 1982

SUBJECT

This is to confirm discussions between you and Mr. Bacon concerning my May 4 memo regarding prior year marketing accrual adjustments.

Starting with May, 1982 account month, we will establish a new line item under each brand, in each account (Media and Promotion), and charge all debits and credits for prior year accrual adjustments and/or closings, to same. This procedure will help isolate current year activity from prior, for budget control purposes.

Prior year adjustments hitting current year accounts, will effect current year spending in the following manner:

1. If the cumulative net result within a brand and account is a credit (underspend) in excess of $1 million, this money is not available for spending in the current year without an MMDR.

2. If the cumulative net result is a debit (overspend) in excess of $1 million, current year spending must be adjusted downward, to fund this problem, or, a MMDR must be approved for the overage.

While this treatment may appear contradictory, it follows the intent of the MMDR as in the first case the document is required for activity not included in our budget plans, and in the second, we are protecting "Trading Profit."

By copy of this memo I am requesting that Mr. Mooring follow this treatment in his monthly report of Barclay and Kool Commitments.

If you have any questions concerning the new procedures, please contact me.

C. L. S.

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