



Field Sales, Western States

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TO: Steven Enloe  
FROM: Joe Farnham  
DATE: January 4, 2000  
SUBJECT: **AREA DIRECTOR'S SUMMARY – 4<sup>th</sup> Quarter 1999**

**SALES RESULTS**

The following summary reflects data received through October of 1999.

October, 1999 full price industry volume fell 10% vs. October, 1998. Volume losses for R. J. Reynolds & B&W were by far the sharpest. Year-to-date October industry declines were experienced by all manufacturers. Lorillard's decline of 6.4 was the least among all manufacturers.

In Area 4, full price industry volume declined slightly less than national – 8.7% October '99 versus '98. Similar to national figures, RJR & B&W experienced the sharpest rates of decline.

Area 4's discount category declined 23% for the industry. However, Lorillard experienced a slight increase in volume 2.2% for October. This is attributed to strong Old Gold performance more than offsetting Maverick declines.

Year-to-date October, Area 4's industry discount performance fell 20% while Lorillard gained 50% or 1.1 share points. This is attributed to our Maverick and Old Gold brands up 41% and 62% respectively.

The effect of proposition 10's \$5.00 per carton tax increase effective 1-1-99 in the state of California continues to effect overall industry sales performance of Area 4. Consumption declines along with grey market and mail order internet sales are all contributing to the decline.

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