

RJR

November 9, 1987

Mr. Dave Weller

Subject: Quarterly Operations Letter - Public Issues

As requested, the following are highlights of major Public Issues' efforts you may want to consider:

- Partisan Project

After a successful test market of the Partisan Project in the First Half of 1987, our efforts to foster a visible "public voice" of individuals speaking out against bias and emotional rhetoric and unfair discrimination of smokers was successfully expanded. Our "Choice" and "Regulatory Watch" newsletters are now going to identified partisans in seven key states where approximately 41 percent of the U.S. population resides (Colorado, California, Florida, Texas, Pennsylvania, Ohio and New York). In October, all RJR Nabisco shareholders, employees and retirees were also included in the program with an introductory letter from Ross Johnson. Additionally, our "Choice" newsletter is being sent to over 500,000 more partisans who participated in direct-mail activities in the past in states beyond our expansion markets. By year-end, over 1.7 million adults will be involved in our Partisan Program with continued expansion planned in 1988.

Based on circulation, by year-end "Choice" will be larger than any newspaper except the Wall Street Journal and will rank 35th among magazines. Its exposure is far beyond any newsletter, as best we can determine.

Thus far, we have received extremely favorable communications from almost 50,000 partisans since the start of the program. Indications are that partisans are indeed beginning to speak out to their elected officials as well as their local newspapers. Additionally, we have called on partisans in selected areas to take action in opposition to specific pieces of legislation. These efforts have contributed to the defeat of restrictions in New York, Connecticut, Colorado and California, thus far.

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Mr. Dave Weller
November 9, 1987
Page Two

In response to those partisans who have told us they want to do more to protect smokers' rights, we have begun the development of a program to foster local grass roots organizations including the a sixteen-page booklet entitled "Smokers' Rights Action Guide."

- Carton Message Program

Our Carton Message Program has been redesigned and new messages will begin appearing on select styles of our brands around year-end. All of these messages address the excise tax issue.

- Public Smoking Programs

Production of a new brochure that addresses the public smoking issue in restaurants is in progress and will be sent to approximately 140,000 foodservice operators who account for 94 percent of foodservice sales accompanying the January editions of Restaurant Business and Restaurant and Hotel Design magazines.

Working through various trade associations, we are developing opportunities to communicate on smoking issues and to generate support. Initial response to our communication pieces from board members of the National Licensed Beverage Association has been extremely positive. We hope to gain their support to mail this material to their members comprising over 25,000 bar and tavern owners nationwide. Additionally, the National Liquor Stores Association has invited us to participate in their 1988 Annual Convention to educate their members on key smoking issues.

Regards,



Tom L. Ogburn, Jr.

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