

INTRODUCTORY TIMETABLE

- Sales Rep Meeting 5/2 - 5/3
- Fact sheets available 5/2
- Presentations begin 5/6
- Convert PCD to feature WINSTON 5/15
- First delivery new packaging to DA 5/20
- Low volume POS kits available for shipment 6/3
- Introductory T-Shirt promotion available to VAP suppliers 6/5
- Point-of-sale delivers to division offices 6/13
- Manage down old pack graphic product 6/14
- PDI available 6/15

INTRODUCTORY AREAS

WINSTON's no-additive product is available only in the State of Florida.

- Florida Region All calls within the State of Florida
- Atlanta Region Florida Panhandle calls only

Note:

It is important that the distribution of no-additive WINSTON remain contained in the State of Florida.

THE PROPOSITION

WINSTON is being repositioned as the No Bull brand. WINSTON's attitude and product point-of-difference will support and reinforce its No Bull positioning.

Attitude / Personality

- True to oneself
- Straight up kind of person
- Rejects artificiality
- What you see is what you get



**NO
BULL**



Product Point-Of-Difference

- 100% Tobacco
- No Artificial Ingredients
- No Additives
- All Natural, All Tobacco, All Taste

WINSTON is the only leading brand* with no artificial ingredients and no additives. This blend allows WINSTON to deliver 100% Tobacco Taste. No-additive WINSTON will reposition the WINSTON brand among all smokers and will be particularly relevant to younger adult smokers aged 21-34. Our research indicates:

- Over 50% of competitive smokers think WINSTON no-additive cigarettes taste better than WINSTON always has.
- Over 90% of franchise smokers think no-additive WINSTON is as good as or better tasting as WINSTON has always been.

*Leading brands:

Florida's top 10 styles, IRI data as of 1/96. Lab analysis show all blends contain 4 of 5 additives listed.

MARKETING OBJECTIVES

Establish The Positioning

- Communicate both attitude / image and product point-of-difference at every opportunity.
 - Leverage mass media to establish and sustain presence and message
 - Build and maintain prominent retail presence
 - Leverage word of mouth via a Grass Roots strategy

Re-engage Competitive Smokers

- Interject WINSTON into competitive smokers' purchase pattern
 - Maximize retail promotion impact, communication and competitive appeal
 - Use direct marketing to engage occasional users and establish WINSTON usual brand smokers.
 - Exploit WINSTON Cup appeal to accelerate new positioning and heighten motivation.

SALES OBJECTIVES

- Communicate WINSTON's no-additive product. Establish attitude and product point-of-difference via effective:
 - Workplan / promotional POS
 - PDI
 - Retailer education
 - Personal selling
- Implement crisp, timely execution of the 3 Ps
 - Promotion
 - Presence
 - Product availability
- Minimize spill out / in

RETAIL STRATEGIES

Merchandising

The WINSTON display should be the primary FPD in the outlet.

POS Materials

A full workplan changeover is planned for the No-Additive WINSTON. Rapid changeover is a priority to speed communication of the image and product attributes.

This POS changeover has two main objectives:

1. Communicate the proposition quickly and simply
2. Provide a creative look that telegraphs that WINSTON has something new to say.

There will be two different creative looks available:

- "No Bull" "White & Black":

This design features a WINSTON pack, the No Bull stamp and the headline "All Taste, No Additives."

- Red-White-Red:

This design is similar to the POS presently in your market. A new copy line (All Taste, No Additives) and the No Bull stamp has been added.

WINSTON DISRUPTION PAYMENT

In an effort to compensate our direct accounts for the changes they have made in their systems to accommodate the new WINSTON UPC codes for our Florida test, the following payments will be made to these accounts.

- \$7.50 per 12M case for direct accounts that only substituted the new WINSTON UPC codes for the old WINSTON UPC codes.
- \$15.00 per 12M case for direct accounts that set up the new WINSTON UPC codes and maintained the old WINSTON UPC codes. These direct account service stores outside the State of Florida and will need to carry dual inventories.
- A minimum payment of \$500 will be made to those accounts that will need to carry dual inventories and that do not reach this payment amount under the \$15.00 per case payment methodology. There is not an established minimum payment for accounts that only require a substitution of the new UPC codes for the old UPC codes.

This payment will be based on one average week's purchases of WINSTON styles for the State of Florida (using a base period of January 1, 1996 through March 8, 1996). It is a one-time payment to the direct account. Payments will be made via credit memo to the direct accounts the first week in May. AIM data was used to calculate the percentage of Florida business for accounts carrying dual inventories.

As information, there are some accounts that will not be using the WINSTON UPCs immediately. We will produce a special run for these accounts so they can receive their "per case" payment *after* they convert to the new WINSTON UPC codes. The actual date for this payment can be determined at our meeting in May; however, the methodology for the payment will be the same as above.

DISPLAY LOAD

The primary full price display should:

- Be utilized for the WINSTON no-additive product only.
- Exclusively merchandise Base WINSTON. Select should *not* be merchandised off this platform in the State of Florida.
- Based on competitive analysis, out best business building opportunities are to:
 - Feature at least 50% Box styles
 - Feature at least 50% Lights styles

PERSONAL SELLING

Personal selling will be a vital tool to communicate both attitude and product point-of-difference.

There are four separate portions to an effective smoker intercept:

1. Opening
2. Product selling points
3. Attitudinal selling points
4. Closing

The following selling points will assist you in effectively communicating the proposition to competitive smokers.

PERSONAL SELLING

(Continued)

An example of how you can deliver the WINSTON no-additive selling points when intercepting a competitive full price smoker who is 21 years of age or older:

WINSTON is the first and only leading national brand of cigarettes that is 100% tobacco and contains absolutely no additives. Historically, cigarette companies have used additives to enhance the taste of their tobaccos, such as the Marlboros you're smoking now. Did you know that Marlboros contain additives like propylene glycol, sugar, licorice and cocoa?

WINSTON cigarettes are made of nothing but water and 100% tobacco. We have accomplished this by developing a proprietary blend of tobaccos that gives you that great, smooth taste that you look for in a cigarette. If you compare WINSTON no-additive cigarettes to American Spirit, a brand that you are familiar with, you will notice that the tar and nicotine levels in WINSTONS are lower than American Spirit. After trying a WINSTON, don't you think it's a better tasting cigarette than your Marlboros or American Spirits?

WINSTON PERSONAL SELLING POINTS

Openings

1. I see you're smoking Brand x. Do you really know what you're smoking?
2. If you haven't been smoking WINSTON, do you really know what you've been smoking?
3. Do you think all cigarettes are made with a blend of only tobacco?
4. Have you ever smoked a cigarette made with just 100% tobacco and nothing else?

Middle - Selling Points

Primary Selling Points

1. WINSTON is the first and only leading brand* with no additives and no artificial ingredients, just a blend of 100% tobacco so you taste the tobacco and nothing else.
2. Other leading brands** add sugar, licorice, cocoa, propylene glycol or other artificial ingredients.
3. WINSTON has developed a tobacco blend that needs no additives and still gives you a great tobacco taste.
4. Over half of non-WINSTON smokers like the taste of no-additive WINSTON better than previous WINSTON.
5. Over 90% of WINSTON smokers like the taste of no-additive WINSTON the same or better than before.

Secondary Selling Points

1. 4 out of 5 smokers are interested in a cigarette that contains no additives or artificial ingredients.
2. Almost half of all smokers said they would be likely to switch to a brand of cigarettes that doesn't have additives.
3. WINSTON uses the Flavorseal wrap to ensure that our product is as fresh as possible.

Additional Information Vs. American Spirit

1. WINSTON comes in 11 styles (including box, 100's and ultra lights) vs. American Spirit's 4.
2. WINSTON costs less than American Spirit and is more widely available.
3. WINSTON has a smoother taste than American Spirit.

Closing Point

WINSTON's a cigarette that's all taste and no bull.

Example of WINSTON Selling Story:

What are you smoking? If you haven't been smoking WINSTON, do really know what you have been smoking? WINSTON is now the first and only leading brand that is made from 100% tobacco, no additives and no artificial ingredients so you taste the tobacco and nothing else.

Brand x adds sugar, licorice, cocoa, propylene glycol or other artificial ingredients to their cigarettes. We can make WINSTON taste great without the need for any additives or artificial ingredients. WINSTON's a cigarette that's all taste and no bull.

*** TOP 10 FLORIDA LEADING BRAND STYLES BASED ON IRI DATA**

YTD 12/95

Marlboro FF 85 Box
Marlboro Lt 85 Box
Marlboro Lt 100 Box
Marlboro FF 100 Box
Marlboro Lt 85 SP
Marlboro FF 85 SP
Doral Lts 100 SP
Doral FF 100 SP
Winston FF 85 Box
Newport FF Menthol Box

****BRAND STYLES TESTED IN 1995 AND CONTAINED 4 OF 5**

ADDITIVES LISTED

Marlboro FF 85 Box	Newport FF Menthol 85 Box	Doral Lt 100 SP
Marlboro Lt 85 Box	Newport Lt 85 Box	Doral FF 100 SP
Marlboro FF 85 SP	Newport FF Menthol 85 SP	Camel FF 95 SP
Marlboro Lt 85 SP	Kool Milds 100 SP	Camel Lt 85 SP
Marlboro FF 100 Box	Kool FF Menthol 85 SP	Salem FF 85 SP
Marlboro Lt 100 Box	Merit Lt 85 SP	Salem FF Lt SP
Marlboro Lt 100 SP	Carlton Ultra 100 SP	
Marlboro FF 100 SP	Basic FF 100 SP	
Marlboro Medium 85	Basic Lt 100 SP	
Marlboro Medium 100	GPC FF 100 SP	
Marlboro 25's FF 85	GPC Lt 100 SP	
Marlboro 25's Lt 85		

WINSTON PERSONAL SELLING POINTS

WORKPLAN POS

POS will be shipped to division ship to locations based on Field-requested allocations.

Paper / Dual-Sided WINSTON / CAMEL

<i>Item #</i>	<i>Item Description</i>
508472	Large 24" package merchandiser card - pack outlet
508475	Display channel strip - pack outlet
508481	Large paster with pricing - pack outlet
580490	11-column slide by card K-Mart card - pack outlet
512312	*(1) Large PPD card
512315	*14" Header card
512321	*(2) Small 16" pkg. merchandiser card
508493	Small side card (UPM) - carton outlet - pack fixture
508511	(2) Small package merchandiser card - pack outlet
508514	Small PPD card - carton outlet
508553	(1) Large PPD card - carton outlet
508520	6-sided centralized - carton outlet
508523	19" card - carton outlet
508532	28" card - carton outlet
508535	Display strip - pack outlet
508541	HV card - carton outlet - pack fixture
508544	LV card - carton outlet - pack fixture
508550	7-column slide by card - pack outlet
512324	40-pack tray large end cap card
512330	80-pack tray large end cap card
512333	Enhanced 40-pack tray end cap card (l/r facing)
512342	Enhanced 80-pack tray end cap card (l/r facing)
512345	40-pack curved lens enhanced end cap card (l/r facing)

Transparencies

<i>Item #</i>	<i>Item Description</i>
508562	20-column OPM transparency - pack outlet
508565	Large package merchandiser transparency - pack outlet
508571	15" X 49" horizontal transparency - pack outlet
508574	(3) 19" canopy transparency - pack outlet
512351	*Large PPD transparency
512354	*14" header transparency
512360	*Small 16" package merchandiser transparency
508580	36" enhanced canopy transparency - carton outlet
508622	8-column OPM transparency - pack outlet
508592	(3) 19" transparency - carton outlet
508595	28" transparency - carton outlet
508601	Flex side transparency - carton outlet
508604	NSS enhanced sign - carton outlet
508610	32" X 37" transparency - carton outlet
508613	24" enhanced canopy transparency - carton outlet

510932

Top transparency

PLS1.APR
14

RJR0000000515039211
70021 5941

52840 3625

WORKPLAN POS

Buy Down / Pricing POS

<i>Item #</i>	<i>Item Description</i>
508625	Premium counter display riser card (25/SKU)
508631	Dump bin riser card (25/SKU)
508634	Small starburst (100/SKU)
508643	Large starburst (100/SKU)

Other Pieces

<i>Item #</i>	<i>Item Description</i>
512654	Teaser window / door decal (100/SKU)
513464	WINSTON Rod comparison pasters (25/SKU)
513461	Mini crash pack w/ decal (25/SKU)
513455	Mini crash pack w/o decal (25/SKU)

LOW VOLUME POS KIT

Objective

Increase in-store message penetration to lower volume retailers.

Strategy

*A POS kit will be made available to gain presence in lower volume (< 75 cartons/wk) accounts.

The kit will include:

- Folded large poster (pricing area)
- Premium Counter display card
- Small starburst (2)
- Window/Door Teaser Decal
- Product Story Pamphlet
- Instruction letter to retailer (see next page)

NOTE:

Kits will be mailed to approximately 6,500 < 75 cartons/week accounts. 1,500 kits will be available to Field Sales for distribution to selected direct accounts.

DRAFT OF INSTRUCTION LETTER TO RETAILER

Dear Retailer:

A new marketing initiative will begin July 1, 1996, highlighting the No-Additive WINSTON product. This initiative will be limited to the State of Florida.

WINSTON product contains 100% tobacco, No Artificial Ingredients, No Additives. We have been evolving the WINSTON blend over time to eliminate additives, resulting in the current 100% tobacco blend. This blend allows WINSTON to deliver 100% tobacco taste. New packaging will highlight the no-additive blend cigarettes.

The point-of-sale pieces enclosed are designed to alert your customers to WINSTON's No-Additive blend. Place the enclosed pieces in prominent locations to tell your customers to shop your store for cigarettes . . . and especially for WINSTON -- All Taste, No Additives and No Bull.

Thank you for your continued support in the marketing of our brands.

R. J. REYNOLDS TOBACCO COMPANY

PRODUCT FLOW-THROUGH

The transition to new No-Additive packaging will be accomplished primarily via inventory management and normal product flow-through.

The transition will be much smoother if you:

- Monitor and manage down stock of slower moving styles of WINSTON and Select.
- Pay special attention to rotation once the new product arrives at retail (approximately 5/27).

It is vital that we have > 80% distribution at the 7/1 DTS. Your assistance in inventory management and product rotation will achieve this goal.

WINSTON RETAILER PROGRAM

Objective

To increase understanding and awareness of WINSTON no-additive product among adult retailers who smoke.

Strategies

- Communicate our product and image positioning to adult retailers who smoke.
- Build retailer support and conversion via multiple gratis packs.

Logistics Details

- 100 offers with video and 4 gratis packs available for each sales rep.
- 4-pack package to be delivered during rapid coverage.
- To be delivered to retailers, aged 21 or older, who smoke.

Program Flow

• *Rep Delivers 4-Pack Box With Video*

Elements:

- 4-Packs (2 FF Box, 2 Lts Box)
- Positioning insert
- Video (SME version)
- Offer for 12 additional packs (with style choice) in conjunction with name generation. Specific executional guidelines to come.

• *12-Pack Mail Back*

Elements:

- 12 packs of choice
- \$3.00 coupon

VIDEOS

Objectives

- Communicate the WINSTON positioning in a more impactful and memorable way than other advertising vehicles.
- At the same time, provide entertainment value to enhance communication retention.

Distribution

Two different videos will be available, a "SME" version and a "General Market" version.

SME Version videos will be utilized in:

• Retailer Kits	10,000
• SME T-Shirt offers	40,000
• Direct Marketing	<u>26,000</u>
Total	76,000

General Market version videos will be utilized in:

• Retail	220,000 (Packed with September Cap)
• Direct Marketing	76,000
• Jumpstart	20,000
• Sales Force*	<u>10,000</u>
Total	326,000

*Videos provided for Field Sales distribution. Utilize for competitive adult smokers, additional retailer use, personal selling, etc.

WINSTON MM FLORIDA TEST MARKET

ADVERTISING SCHEDULE

	<u>JUN</u>	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>
• Teaser OOH	----	>					
• Threshold & Impact OOH		-----					>
• Print Weeklies		-----					>
• Print Monthlies			-----				>

OOH (Product and Image)

- 14 X 48 bulletins
- 30 sheets
- 10'6 X 30
- Bus shelters
- Bus panels
- Aerial advertising at SME events

Print (Top 45 Publications)

- 6-page insert
- 4-page insert
- Spreads
- Pages

MATCHES

The Match Program will provide an additional program at retail to communicate the WINSTON proposition.

Program Details

- 9,000 match caddies available for Field Sales with built-in riser card (50 boxes of wooden matches / caddie)
- Match boxes are WINSTON pack replica
- Available 6/15 for open order to Florida only
- Item # 513341

Placement

Match caddies should be placed to provide maximum impact and communication among competitive adult smokers. Primary placement should be in convenience stores near selling area.

EVENT SUPPORT

Several items will be available to support retail or personal selling events:

- **15-ft Pack Inflatable:** Box style inflatable will create big brand presence.
- **WINSTON Cup Show Car Inflatable:** Twice the size of a WINSTON Cup car. Unique and impactful!
- **Event Tents:** Easy to assemble 8' X 8' tents for retail or personal selling events. Includes large banners to enclose bottom half of tent and communicate proposition.

Contact your ROU for scheduling of these high impact pieces.

DISCOUNTING CARDS

Objective:

Provide proposition communication in conjunction with a discount offer.

- 2-Pack and 3-Pack Discounting Cards (Florida Only)

	<u>Item #</u>
• 2-Pack Card	505355
• 3-Pack Card	505361

These cards have a name generation card attached to the discounting offer / proposition communication.

- 7-11 2-Pack Special Price Cards

To help communicate the WINSTON proposition and 7-11's on-going special 2-pack price, large pack merchandiser cards and chain specific discounting cards (2-pack only) will be available for order.

	<u>Item #</u>
• 7-11 Discount Card	513395 (100/SKU)
• 7-11 Large Pack Merchandiser Card (24")	513401 (1/SKU)