

FSC- -02	2/25/02	Distribution for:		
SUBJECT: 2Q 2002 April Only Retail Discounting	<input checked="" type="checkbox"/> AVP	<input checked="" type="checkbox"/> RMO	<input checked="" type="checkbox"/> Sales Rep	
	<input checked="" type="checkbox"/> AMO	<input checked="" type="checkbox"/> DM	<input type="checkbox"/> Retail Rep	
Why: Communicate rates and timing for April only.	<input checked="" type="checkbox"/> AE	<input checked="" type="checkbox"/> RM	<input checked="" type="checkbox"/> Region Train Rep	
	<input checked="" type="checkbox"/> DRS	<input checked="" type="checkbox"/> KAM	<input checked="" type="checkbox"/> Info Coord	
		<input checked="" type="checkbox"/> AM	<input type="checkbox"/> WP Coord	
		<input checked="" type="checkbox"/> RTM	<input type="checkbox"/> Materials Coord	
			<input checked="" type="checkbox"/> Reg Admin Asst	
Action Required: URGENT – All Managers/Reps with accounts in the State of New York review and execute accordingly.	ROU to distribute to:		FSC Letter Sent:	
	<input type="checkbox"/> Sales Rep	<input type="checkbox"/> Retail Rep	<input type="checkbox"/> U.S. Mail	<input checked="" type="checkbox"/> Roadside
			<input checked="" type="checkbox"/> E-Mail (Managers)	

I M P O R T A N T

Remember that our rates and time periods are set to align with competitive activity (defensive). It is critical that you clearly communicate to your accounts that our current rates and discounting periods are based on our defensive discounting needs in the marketplace, and if accounts notify us that planned competitive discounting rates or time periods have changed after we have set ours, then we will adjust our program accordingly. Our strategy is to be competitive, but not to lead or increase discounting in the marketplace.

- Due to uncertainty at retail regarding competitive pricing and potential contract changes, the discount rates and time period have been established for April only.
 - Plans for the balance of second quarter will be finalized and communicated in the next few weeks.

2Q-April Retail Discounting

- Rates for April only are as follows:

Full-Price

- | | <u>National</u> | <u>National +8</u>
<u>(Last 2 weeks April)</u> | <u>National +16</u> |
|--|-----------------|---|---------------------|
| - WINSTON/CAMEL | N/A | \$6.00 | \$6.00 |
| - SALEM @ \$5.00 in all Resource Levels in the portions of New York state covered by Boston (Region 11) and Pittsburgh (Region 17). Discount remains consistent with tear tape value in the balance of the state. See attached for timing. | | | |

➡ Tear tape will continue to be available in the New York Metro (Region 12) geography of New York state (see FSC-173-01 Addendum 1 8/8/01 attachment A for authorized account list).

Savings

- As previously announced, effective 1/21/02, DORAL will be @ \$7.00 in all Resource levels in all of New York state until further notice.
- MONARCH Tear tape programs continue as previously announced (refer to last update FSC-173-01 Addendum 1, 8/8/01).
- Refer to Attachment A for specific dates and time periods.

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2Q-April Pricing/POS Kits

- It is critical that discounts/pricing is communicated as a special offer to maximize the opportunity to engage adult smokers.
- Pricing POS Kits for National + 8 and National +16 accounts only will be sent DSD week of March 18, 2002.
- DORAL, SALEM and VANTAGE pricing POS items must be ordered separately since they are not included in kits.
- Dates for sending the pricing POS Kits for the balance of 2Q 02 will also be communicated in the next few weeks.

2Q-April 2002 Selling Tools

- The Workplan Promotional Calendar will not be updated in RJR ToolKit to reflect 1Q 2002 discounting updates as described above.
 - We are evaluating options to add New York state program updates to the calendar in future enhancements.

Program Contacts: Your Manager
Scott Payne, Doral, extension # 3042
Steve Callaghan, Salem, extension # 3478
Tom Fitzin, extension # 5952

R. J. REYNOLDS TOBACCO COMPANY

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Second Quarter 2002 – Resource Discounting New York State

(Shaded areas indicate weeks on buydown)

RESOURCE PLAN/CONTRACT	April				May				June					April Dates Only
	1	8	15	22	29	6	13	20	27	3	10	17	24	
NATIONAL	TBD													
• Trad Pack – Lev 1														
• MC Pack – Horz. (HR) Lev 1														
• Pack Metro														
• Pack RA														
• Trad Ctn - S														
• Trad Ctn – RA/S														
• Military														
CAMEL/WINSTON	N/A													
SALEM – NY portions of (Region11) and (Region 17)	N/A													
SALEM – NY portion of Region 12 Tear Tape ongoing	\$5.00													4/1/02 – 4/28/02
DORAL	\$7.00													4/1/02 – 4/28/02

NATIONAL +8	TBD													
• Trad Pack – Lev 2														
• NW Pack – Vert Lev 1														
• MC Pack – Horz. (HR) Lev 2														
• Trad Ctn – P														
• Trad Ctn – R/A/P														
• CTS SS Lev 1														
• CTS NSS Lev 1														
CAMEL/WINSTON					\$6.00									4/15/02 – 4/28/02
SALEM – NY portions of (Region11) and (Region 17)														4/15/02 – 4/28/02
SALEM – NY portion of Region 12 Tear Tape ongoing					\$5.00									4/1/02 – 4/28/02
DORAL					\$7.00									4/1/02 – 4/28/02

NATIONAL +16	TBD													
• Trad Pack – Lev 3														
• NW Pack – Vert Lev 2														
• MC Pack – Horz. (NHR) Lev 3														
• Pack – Kiosk														
• CTS Drive-Thru														
• CTS SS Lev 2														
• CTS NSS Lev 2														
CAMEL/WINSTON					\$6.00									4/1/02 – 4/28/02
SALEM – NY portions of (Region11) and (Region 17)														4/1/02 – 4/28/02
SALEM – NY portion of Region 12 Tear Tape ongoing					\$5.00									4/1/02 – 4/28/02
DORAL					\$7.00									4/1/02 – 4/28/02

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