

from the desk of

**JENNIFER BAILEY**

VTG 100 REC

1.88 LBS / 1000 CIGTS (KARLEN SANDERS)

TEST MARKET

.00188 LBS | 65,500,000 CIGTS | = 123,140 LBS  
CIGT

NATIONAL ROLL-OUT

.00188 LBS | 2,138.2 MM CIGTS | = 4,019,816 LBS  
CIGT

December 22, 1988

TO: Mr. H. T. Parks  
RE: LN Volume Projections

The following reviews the volume projections provided to R&D for the potential LN product '89 test market and 1990 national expansion. The information provided by MRD was requested by R&D in order to provide the Leaf Department some guidelines as to how much LN tobacco would have to be purchased.

Volume Projections/Assumptions

Test Market Assumptions: - 5% industry volume  
- 6 month test 4th Qtr., '89 - 1st Qtr. '90

<u>Share Projections</u>	<u>Volume Projections</u>
Pessimistic .3	39.3MM units
Most Likely .4	52.4MM units
<u>Optimistic .5</u>	<u>65.5MM units</u>

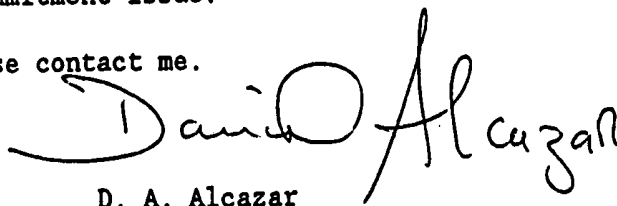
1990 National Rollout Assumptions: - 100% industry volume  
- 2nd Qtr., '90 - 4th Qtr. '90

<u>Share Projections</u>	<u>Volume Projections</u>
Pessimistic .3	1,282.9MM units
Most Likely .4	1,710.6MM units
<u>Optimistic .5</u>	<u>2,138.2MM units</u>

Note, that for both the test market and national rollout the optimistic share/volume scenario estimates were communicated to R&D.

Lastly, per our discussion of yesterday, given the lead times required to procure LN tobaccos, a commitment decision for test market quantities will have to be made January 15, 1989 with national quantities having to be committed to by February 1, 1989. Given the potential ramifications of these decisions, I suggest we schedule follow-up meetings with R&D to further discuss the quantity commitment issue.

If you have any questions, please contact me.

  
D. A. Alcazar

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cc: Mr. D. Potter  
✓ Ms. J. Bailey  
Ms. C. Mitchell

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