



ROU Brief - 12/6/95

For: AVP/RSM/RBM/ROM/KAM/RM-DFM/MC/PC/PRC/SC

FSC-183-A

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➔ 1996 Merchandising Table Entries

As communicated in our recent 1996 Partners Program meetings, the new Merchandising Table entries are critical in the measurement of our program penetration in 1996. By defining both RJR and Competitive Presence on an ongoing basis, we will have an accurate database that will be useful at the Regional and National levels. As some discussion took place at the meetings regarding how this information should be entered into SIS, we hope to clarify reporting accountabilities via the following procedures:

- 1) It is the Field's responsibility to update and maintain the accuracy of the (8) Merchandising Table entries in 1996 and beyond. The (8) entries include:

- | | |
|---------------------|-------------------|
| • 1 RJR FP Display | • PM Masters |
| • 2 RJR FP Displays | • PM Exclusive |
| • RJR Non-Pd FPD | • BW Perform Plus |
| • RJR Non-Pd SD | • Lor Perm Disp |

- 2) RJR Full Price Footprints must be defined via the Merchandising Tables in all Pack Outlets. The contract entries alone do not give us this information.

- 3) In order to track Competitive penetration, the Competitive table entries must be updated after initial entry if changes occur at retail.
- 4) Due to the level of training underway for our Retail Reps, both Account Managers and Key Account Managers will be responsible for the initial entry of the Merchandising Table information using the Mass Add function. Retail Reps will be responsible for the audit of this information for accuracy while on the actual retail premises.
- 5) Sales Reps will input the entries in the accounts for which they are primarily responsible.
- 6) It is the primary accountability of the sales person with the responsibility for the physical retail account to maintain the ongoing accuracy of the Merchandising Tables. Retail Reps with primary account responsibility for the call will maintain/audit the retail location and provide Merchandising Table updates as needed following the Mass Add by the KAM/AM. Sales Reps will input and update Merchandising Table information for the retail locations that they are primarily responsible.
- 7) The Merchandising Tables will be purged of irrelevant information the week of December 4, 1995. New input for the (8) above-mentioned entries should be entered into SIS as new contract signings occur with completion by the end of 1st Quarter 1996.

Your cooperation in this effort is critical in order to ensure information that is timely and accurate. Please communicate with the Area Manager of Operations and/or your Merchandising Sales Area contact should questions arise.

Program Contact: Retail Trade Marketing Group

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➔ Alliance Accrual Fund

It was previously communicated to you the need for utilizing our Private Label accounts Alliance Accrual Funds to the utmost during November and December in the face of heavy competitive activity. Hopefully, all of you now have in place promotions that do this. It is important that you have all of your Alliance Accrual dollar requests covering your November and December promotions on Private Label into Customer Services no later than January 12, 1996. This will allow us to determine how much money we actually spent on this promotion and allow us to plan for our 1st quarter promotions with dollars remaining.

Program Contact: Your Area Manager of Operations
Jim Farmer, extension #0470

➔ 1996 Decals

Due to creative and raw material changes to our 1996 Decals, all remaining allocated 1995 Decals will be placed on open order status December 15, 1995 (12:00 noon EST). Decals available:

Comm #	Item	SKU Pack
472520	CAMEL Business Hour Frame Sign	25
472532	CAMEL Push-Pull	50
472541	CAMEL In-Out	50
472982	DORAL Profile Pack	25
486302	DORAL Door/Window	25
472691	WINSTON Select Business Hour Frame Sign	25
472700	WINSTON Select Push-Pull	50
472712	WINSTON Select In-Out	50

Program Contact: K. B. Hedrick, extension #2530

➔ Company Policy Regarding Weapons

Please disseminate this as a reminder to all Field Sales Personnel. Following is a statement of our Company policy regarding weapons, as referenced in the RJRT Field Sales Employee Handbook:

"It is the Company's policy that employees are prohibited from possessing firearms or other weapons on any Company property, including the Company vehicle. Any employee violating this policy will be subject to corrective action, up to and including the termination of his/her employment."

Program Contacts: Sales Employment Practices Mgr.
Carol Novosad, extension #4289
Frank Beck, extension # 0471

➔ Sales Finance Contacts

Effective immediately, all returned checks, correspondence and questions which were previously sent to Steve Wohlford should be sent to either Anne Cullip (NESA & WSA), extension #1401 or Rick Cornett (SSA & MWSA), extension #0168.

Program Contact: Rebecca Fullton, extension #1827

➔ CAMEL February B3G3F

CAMEL February B3G3F promotional product will be available for order beginning December 18, 1995. As is currently the case for all BSGSF promotions, please allow three weeks between order date and ship date.

Program Contact: Dick Luongo, extension #8110

➔ 1995 General Employee Bonus Plan, 1995 Sales Incentive Award Plan and S&P Bonus

Attached is information concerning the 1995 General Employee Bonus Plan and the 1995 Sales Incentive Plan. Please note that this information is being communicated to you should the Company achieve its objectives relative to Cash Net Income (CNI) and share of market goals.

Program Contact: Mike Judkins, extension #0472
Dot Draper, extension #2339

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➔ Mega Outlet Display and POS for DORAL March Promotion #600041

A generic high volume outlet display will be available on an open order basis beginning February 2 for the 1996 DORAL March Mega Outlet Carton Coupon program. The generic "8 Case Display" (504773 1/SKU) will hold up to 480 cartons of product and should remain in the calls on a continuous basis for other RJR promotions scheduled for the balance of the year. In addition to the display, you will need to order the DORAL Mega Display POS Kit (item #504794 1/SKU) which contains the following pieces:

- 1 Header Card
- 2 Side Cards
- 1 Extra Large Paster

(The POS Kits have been allocated based on a percentage of high volume and cigarette outlets in your region.)

A \$20 display allowance may be issued to these accounts "only as needed" in those calls where it is absolutely necessary to maintain the display. Please use the 1996 Doral \$10 carton display payment in the HH or Poquets for the March promotion and enter twice for the correct draft amount.

The same Mega Outlet Carton Display will be used for all 1996 Mega Outlet promotions. Monthly POS kits will be available to coincide with the brand(s) promoted.

Program Contact: Sharon Reid, extension #2584

➔ 1996 Generic Temporary Displays and Brand Specific Retail Displays

One hundred each of 1996 Retail Enhancement Program and 1996 Temporary Displays brochures are being shipped to the Region Operations Managers for distribution as directed by the Regional Sales Managers. Temporary displays featured in the brochures will be continuously available during 1996.

Program Contact: K. B. Hedrick, extension #2530

1995 General Employee Bonus Plan

As communicated to you on March 2, 1995, the Company established the 1995 General Employee Bonus Plan for all regular, full-time employees who do not participate in the cash portion of either SIAP or AIAP. The maximum amount an eligible employee could earn in the plan was \$2000.00 based on the Company's results in the areas of Cash Net Income (CNI) and share of market.

Eligible Participants:

All regular, full-time employees who do not participate in the cash portion of SIAP or AIAP.
Employees must be in an eligible position prior to 12/2/95 to be eligible for an award.
Awards are prorated for the portion of the year the person was in an eligible position

Participants eligible for full payment:

All active, regular full-time employees hired prior to 2/1/95
Employees on LTD who worked part of 1995
Employees on Leave of Absence who worked part of 1995
Employees covered by the WARN Act on 12/31/95
Employees who die between the dates of 12/1/95 and 12/31/95

Prorated Awards:

New employees are prorated based on the month the employee became a regular, full-time employee.
Rehired employees are prorated based on the active months of employment in 1995.
Employees returning from SBC are eligible after one day actively at work and are prorated based on active months worked in 1995.
Employees transferred from a Company affiliate are prorated based on active months in Tobacco Company.
Employees transferring to an affiliate company are prorated based on the active months in the Tobacco Company.
Deaths during 1995 are prorated based on active months in 1995.
Employees who became eligible for participation in SIAP or AIAP will receive a prorated award based on number of months in an eligible position.

No Payments

Employees on SBC as of 12/31/95 (except if the employee is still in the first 9 weeks of WARN).
Employees who were on SBC and went into LTD with no intent on returning to work.
Employees terminated prior to 12/31/95.
Employees who retire prior to 12/31/95.
Employees hired on or after 12/2/95.

Projected Pay Date:

Monthly employees paid on 1/31/96 (no ACH, separate check via mail).
Bi-Weekly employees paid on 1/19/96 (normal payroll processing).

1995 Sales Incentive Award Plan

Due to all eligible employee weightings being the same (70% Cash Net Income and 30% on share results), the input responsibility of the Region Operations Units should be very minimal this year. Once the results are known, a communication will be sent to each ROU explaining the required administrative steps to be followed to insure an accurate and timely payment to eligible employees.

Please note that as in years past, an employee is considered to be eligible if he or she is assigned to an eligible position prior to 10/1/95. As with the General Employee Bonus Plan, employee awards will be prorated dependent on the number of active months the employee is in an eligible position.

Currently, if the Company meets it's objectives the scheduled payment of SIAP awards is as follows:

Monthly employees to be paid on 2/15/96.
Bi-Weekly employees to be paid on 2/16/95.

S&P Bonus Payments

As you are aware, regular, full-time non-exempt employees are eligible to receive special bonus payments for any sick / personal days not used during the calendar year. In early January, you will be sent a listing of employees within your Region who are scheduled to receive a payment under this plan. These listings will have to be reviewed for accuracy, and any corrections will have to be submitted to Sales Marketing Human Resources prior to January 18, 1996.

Retail Rep - E's are not regular, full-time employees, and as per prior communications, are not eligible for bonus payments for any sick / personal days not used in 1995.

Currently, the payment of these bonus amounts is scheduled for 2/2/96, and will be sent to each employee via separate checks.

In conjunction with this, next Monday, December 11th, a message will be out on the Field Sales bulletin board announcing the fact that all LRS for the period ending 12/31/95 must be entered into the system no later than 9:00 a.m. on 1/1/96. It is imperative that you make plans to insure all LRS is entered prior to the close of business on 12/29/95 in order to make certain (1) all of your part-time employees are paid on time and (2) all regular, full-time employees eligible for the S&P Bonus payments are properly reported in order for S&P balances to be accurate prior to Payroll running the listing of employees to receive such payments based on 1995 usage of allocated days.

Please note that LRS will be available for input beginning 12/28/95 for the period ending 12/31/95. Monthly input of exception time for December must be completed prior to 6:00 PM on Friday, January 6, 1996.

Please insure a copy of this memo is given to each of your coordinators responsible for personnel administration and Labor Reporting. Also, your managers should be made aware of the scheduled pay dates of the bonus plans once the Company results are communicated to you.