

File Policies & Procedures File

BROWN & WILLIAMSON
TOBACCO CORPORATION

DATE SUPVRS. ✓
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FEB 19 1987

R. J. PRITCHARD
Chairman and
Chief Executive Officer

E. T.

February 17, 1987

Mr. C. J. Heger

Re: Brown & Williamson Code of Business Conduct

Dear Carl:

Enclosed is a copy of the Brown & Williamson Code of Business Conduct which was adopted by the Board of Directors of Brown & Williamson Tobacco Corporation on May 1, 1981. The Code carries forward and enlarges upon the similar policy which was adopted by Brown & Williamson's Board on January 12, 1979.

I request that you disseminate the Code and the accompanying Guidelines on Employee Conflicts of Interest to your key personnel as appropriate.

Our Audit Committee has established certain specific policies and procedures to assure compliance with the Code and the Guidelines. The Committee will continue to monitor our compliance and make such modifications or additions as they deem advisable.

Questions concerning the interpretation or application of the Code should be referred to our Law Department.

Sincerely,

RJP/dlb

Enclosures



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BACON
SHARLE
OLLES
ACAMS
TUCKER

January 10, 1986

Brown & Williamson Tobacco Corporation
Guidelines on Employee Conflicts of Interest

The BROWN & WILLIAMSON TOBACCO CORPORATION CODE OF BUSINESS CONDUCT sets forth principles for the conduct of business based upon concepts of integrity and responsibility, including the responsibility of all employees to avoid conflicts of interest. The CODE states that employees have a responsibility to act in accordance with the best interests of the Company. An outside interest or relationship which would or could have an adverse effect on the Company (or on the employee's business judgment), constitutes an unacceptable conflict of interest, as does any dealing for personal profit or gain on the basis of inside knowledge or confidential information obtained in the course of employment.

These Guidelines are issued to implement the policy set forth in the CODE prohibiting employee conflicts of interest and to assist Brown & Williamson employees in avoiding such conflicts. Activities or interests prohibited under this policy include:

1. Employment by, or affiliation in any capacity with, a customer, supplier or competitor of the Company, including any firm which the employee has reason to believe may be a prospective customer, supplier or competitor.

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2. Investment by directors, officers and management employees in any customer, supplier* or competitor of the Company, including any firm which the individual has reason to believe may be a prospective customer, supplier or competitor. Such investments violate the Guidelines because they create a threat that the individual's business judgments will be influenced by the investments rather than the interests of the Company. Exceptions to this Guideline may be made on a case-by-case basis in order to avoid inequitable results. For example, exceptions may be granted for investments or rights the individual has acquired prior to the commencement of employment at the Company. However, employees should avoid making new investments in customers, suppliers or competitors, other than indirect investments acquired through mutual funds or other pooled investments managed by others. Any questions regarding the application of this Guideline or requests for exception should be presented to an individual's supervisor.

3. Acceptance of any commission or other form of compensation, or of excessive gifts or entertainment, from any person or firm

*Brown & Williamson purchases a vast number of items and services from hundreds of suppliers. Where the effect of the Company's purchases from a supplier are clearly de minimis and the supplier's securities are traded on a national exchange, conflict of interest arising from ownership of such securities is difficult to envision. Investments in instances of this sort are not prohibited by these Guidelines. However, caution should be exercised at all times.

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with whom the Company is doing or with whom the individual has reason to believe the Company might do business.

4. Personal exploitation of a corporate opportunity, such as the purchase of property or investment in an enterprise in which the Company has an existing interest or in which the employee has reason to believe the Company may have a prospective interest.

5. Any other dealing for personal profit or gain based upon inside knowledge or confidential information obtained in the course of employment concerning important business of the Company, such as acquisitions, financial projects, new products or any other developments.

For the purpose of these Guidelines, the prohibited activities, investments and interests of an employee are considered to include not only those in which the employee may be engaged or interested directly but also those in which the employee might engage or be interested indirectly through his or her spouse or other immediate family members.

Questions concerning the meaning or interpretation of these Guidelines should be referred to your supervisor who, in turn, may wish to consult the Law Department.

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