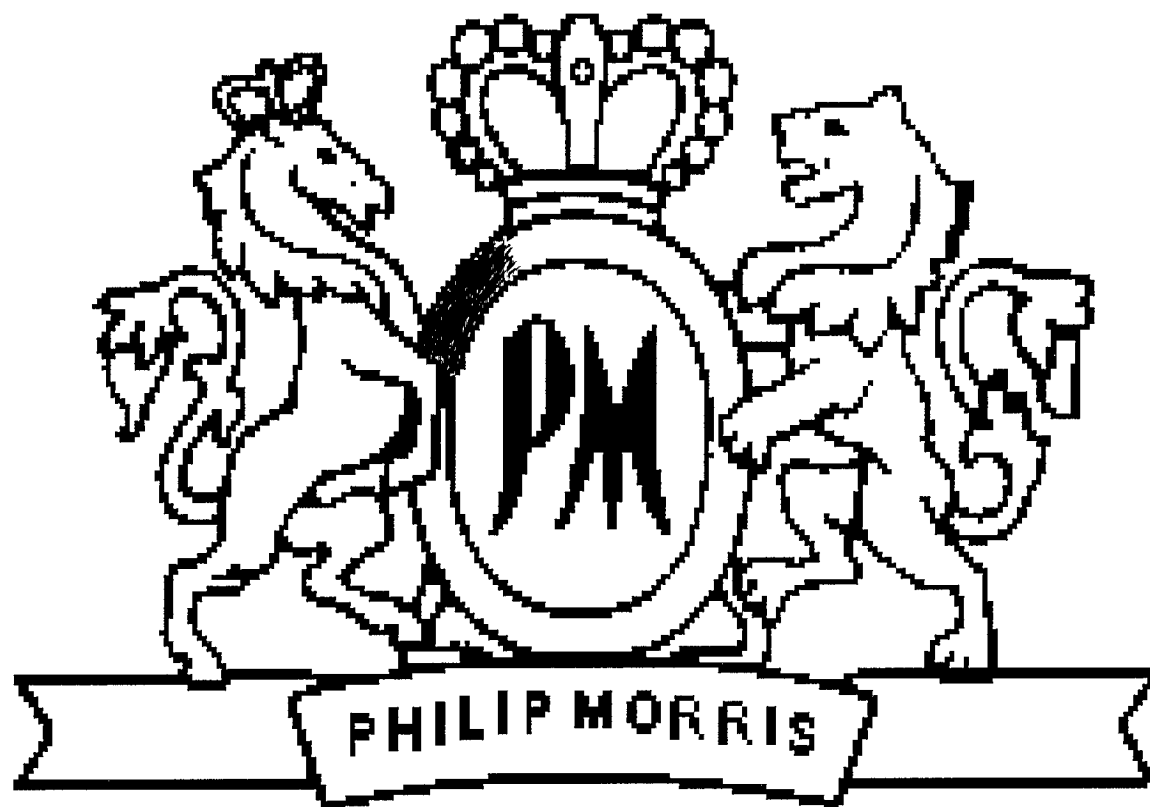


CONFIDENTIAL



U.S.A.

WEEKLY PERFORMANCE SUMMARY

March 20, 1995

Marketing Information & Analysis

FILE COPY

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WEEKLY UPDATE

March 17, 1995

Shipments

- This week's industry volume held at last week's and projected levels.
 - RJR declined, while B&W was higher.
- PM's weekly volume was even with last week, slightly above projected levels.
 - PM QTD volume (41.9 billion) was -0.1 billion units below projected level, and -2.6% below 1994.
 - First Quarter volume (50.6 billion units) is projected to be even with OB.
 - PM QTD share (45.8%) remains favorable with First Quarter OB (45.3%).
 - First Quarter share is expected to be 46.0%, +0.7 points above OB and +2.9 points higher than year ago.

Retail and Consumer Trends

- Basic's share gap with GPC is the only performance measure below its trigger.
- PM-USA and Marlboro short term share growth have slowed as promotional support decreased.
 - Consistent at retail and among Young Adult Smokers.
 - Share is anticipated to increase as March promotions continue to expand: B4G1F incidence, MCS catalog placements.
- Partial "first week of the month" impact on the Discount category continued into a second week.
 - Promotional Buydown incidence is increasing for GPC, Montclair, Misty; free product incidence for Basic.
- Competitive Premium promotional activity is expanding.
 - Camel B3G3F (at 5%), Newport money-off incidence (at a 29% high).
- The Retail Pack Gap (49%, 63¢) increased as greater promotional support reduced Lowest discount prices to a YTD low.
- ≤99¢ incidence (18%) increased to the high end of its range.

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SHIPMENTS

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PM-USA FIRST QUARTER PERFORMANCE W/E 3/17/95

- Industry volume (9.1 billion units) remained even with last week and near expected levels.
 - RJR decreased, while B&W was higher.
 - Discount shipments for B&W and Liggett continued to be higher than normal.
- PM USA's volume (4.1 billion) was near last week and slightly above projected levels.
 - PM-USA's current shares were stable and above First Quarter OB.
 - Week (45.7%)
 - QTD (45.8%)
- PM-USA's QTD volume was -0.1 billion units below OB and -2.6% below last year.
 - QTD share (45.8%), is expected to rise to 46.0% for the First Quarter.
 - +0.7 points above OB.
 - +2.9 points above 1Q94.
 - +0.5 above 4Q94.
- Basic's 13 week share of Discount (15.2%) increased +0.2 points above last week.

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SHIPMENTS

(To All Direct Accounts)

| <u>COMPANY</u> | <u>PM</u> | <u>RJR</u> | <u>B&W</u> | <u>Lorillard</u> | <u>Liggett</u> | |
|-----------------------------|-----------------|------------------|-----------------|------------------|----------------|-------------------|
| 13 wk Base Dec. 22, 1994 | 45.51 | 25.19 | 19.46 | 7.55 | 2.27 | |
| March 23, 1995 (13wm) | <u>45.74</u> | <u>25.79</u> | <u>18.44</u> | <u>7.90</u> | <u>2.11</u> | |
| | 0.23 | 0.60 | (1.02) | 0.35 | (0.16) | |
| <u>CATEGORY</u> | <u>Premium</u> | <u>Discount</u> | | | | |
| 13 wk Base Dec. 22, 1994 | 67.42 | 32.58 | | | | |
| March 23, 1995 (13wm) | <u>69.41</u> | <u>30.59</u> | | | | |
| | 1.99 | (1.99) | | | | |
| <u>PM MAJOR BRANDS</u> | <u>Marlboro</u> | <u>PM OPB</u> | <u>V. Slims</u> | <u>B & H</u> | <u>Merit</u> | <u>Parliament</u> |
| 13 wk Base Dec. 22, 1994 | 28.90 | 7.84 | 2.34 | 2.30 | 2.35 | 0.66 |
| March 23, 1995 (13wm) | <u>29.41</u> | <u>8.19</u> | <u>2.46</u> | <u>2.41</u> | <u>2.44</u> | <u>0.69</u> |
| | 0.51 | 0.35 | 0.12 | 0.11 | 0.09 | 0.03 |
| <u>PM BRANDED DISCOUNTS</u> | <u>Basic</u> | <u>Cambridge</u> | <u>Bristol</u> | <u>Alpine</u> | | |
| 13 wk Base Dec. 22, 1994 | 4.99 | 1.77 | 0.15 | 0.32 | | |
| March 23, 1995 (13wm) | <u>4.64</u> | <u>1.60</u> | <u>0.14</u> | <u>0.32</u> | | |
| | (0.35) | (0.17) | (0.01) | 0.00 | | |
| <u>PM PRIVATE LABEL</u> | <u>PM</u> | | | | | |
| 13 wk Base Dec. 22, 1994 | 1.47 | | | | | |
| March 23, 1995 (13wm) | <u>1.36</u> | | | | | |
| | (0.11) | | | | | |

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INDUSTRY VOLUME WAS NEAR LAST WEEK AND AT EXPECTED LEVELS. PM WAS SLIGHTLY ABOVE PROJECTION. RJR WAS BELOW LAST WEEK, WHILE B&W WAS HIGHER. B&W AND LIGGETT DISCOUNT SHIPMENTS REMAINED ABOVE NORMAL LEVELS.

WEEKLY VOLUME

(MILLIONS)

| | CURRENT WEEK <u>3/3/95</u> | CURRENT WEEK <u>3/10/95</u> | CURRENT WEEK <u>3/17/95</u> | DIFF VS. PREVIOUS WK | % CHANGE |
|--------------------|----------------------------------|-----------------------------------|-----------------------------------|----------------------------|----------|
| INDUSTRY | 8,933 | 9,083 | 9,054 | (29) | -0.3% |
| PM | 4,044 | 4,151 | 4,139 | (12) | -0.3% |
| RJ REYNOLDS | 2,340 | 2,347 | 2,265 | (82) | -3.5% |
| B & W (INCL. AMER) | 1,664 | 1,673 | 1,744 | 71 | 4.2% |
| LORILLARD | 695 | 720 | 714 | (6) | -0.8% |
| LIGGETT | 189 | 190 | 189 | (1) | -0.5% |
| PM SHARE | 45.27 | 45.70 | 45.72 | 0.02 | |

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MFR CHANGES

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**PM-USA WEEKLY VOLUME PERFORMANCE
(MILLIONS)**

| | MONTH <u>Jan-95</u> | MONTH <u>Feb-95</u> | WEEK <u>3/3/95</u> | WEEK <u>3/10/95</u> | WEEK <u>3/17/95</u> | <u>1995 YTD</u> |
|----------------------------------|------------------------|------------------------|-----------------------|------------------------|------------------------|----------------------|
| SALES | 15,261 | 16,184 | 4,044 | 4,151 | 4,139 | 41,937 |
| LIFO PAYBACK | 926 | 42 | 0 | 0 | 0 | 968 |
| ADJUSTED MCLANE PURCHASES | 776 | 35 | 42 | 5 | (35) (e) | 803 (e) |
| PROMO | 0 | (564) | (41) | (53) | (57) | (696) |
| OTHER** | <u>961</u> | <u>350</u> | <u>23</u> | <u>27</u> | <u>7</u> | <u>1,358</u> |
| TOTAL | 2,663 | (136) | 24 | (21) | (85) | 2,433 |
| ESTIMATED GOING RATE* | 17,924 | 16,048 | 4,068 | 4,130 | 4,054 | 44,370 |
| WEEKLY | 3,892 | 4,055 | 4,068 | 4,130 | 4,054 | |
| PM OUTBOUND | 17,743 | 16,446 | 4,266 | 4,245 | 4,054 (e) | 44,811 (e) |
| PM BUDGET | <u>17,820</u> | <u>16,171</u> | <u>4,111</u> | <u>4,149</u> | <u>4,149</u> | <u>44,528</u> |
| DIFFERENCE | (77) | 275 | 155 | 96 | (95) | 283 |

* ESTIMATED GOING RATE ADJUSTED FOR STARS PERFORMANCE.

** OTHER INCLUDES PROMOTIONAL PAYBACK, FORWARD BUYING, AND WHOLESALE INVENTORY CHANGES.

(e) ESTIMATE

NOTE: PROMO VOLUME ADJUSTED FOR BASIC INCREMENTAL PROMOTIONAL SHIPMENTS.

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3/17 MONTH+WEEK LINK

PRELIMINARY WEEKLY VOLUME AND SHARE

W/E 3/17/95

WEEK

| | | | | | | <u>VOLUME</u> | | |
|----------------|---------------|---------------------|-------------------------|--------------|---------------------|---------------|---------------------|-------------------------|
| | <u>VOLUME</u> | <u>DIFF VS 1994</u> | <u>% CHANGE VS 1994</u> | <u>SHARE</u> | <u>DIFF VS 1994</u> | <u>FCST</u> | <u>DIFF VS FCST</u> | <u>% CHANGE VS FCST</u> |
| INDUSTRY | 9,054 | -99 | -1.1% | | | 9,037 | 17 | 0.2% |
| PHILIP MORRIS | 4,139 | 152 | 3.8% | 45.72 | 2.15 | 4,061 | 78 | 1.9% |
| R.J. REYNOLDS | 2,265 | -230 | -9.2% | 25.02 | -2.24 | 2,376 | -111 | -4.7% |
| B&W(INCL AMER) | 1,744 | -4 | -0.2% | 19.26 | 0.17 | 1,715 | 29 | 1.7% |
| LORILLARD | 714 | 14 | 2.0% | 7.89 | 0.24 | 685 | 29 | 4.2% |
| LIGGETT | 189 | -31 | -14.1% | 2.09 | -0.32 | 200 | -11 | -5.3% |

DISCOUNT

| | <u>VOLUME</u> | <u>SHARE</u> | <u>%CONT.</u> |
|------------------|---------------|--------------|---------------|
| INDUSTRY | 2,790 | 30.81 | |
| PHILIP MORRIS | 723 | 25.91 | 17.5% |
| R.J. REYNOLDS | 852 | 30.54 | 37.6% |
| B&W (INCL. AMER) | 1,038 | 37.21 | 59.5% |
| LORILLARD | 31 | 1.11 | 4.4% |
| LIGGETT | 145 | 5.20 | 76.5% |

PREMIUM

| | <u>VOLUME</u> | <u>SHARE</u> | <u>%CONT.</u> |
|------------------|---------------|--------------|---------------|
| | 6,264 | 69.19 | |
| PHILIP MORRIS | 3,417 | 54.54 | 82.5% |
| R.J. REYNOLDS | 1,413 | 22.56 | 62.4% |
| B&W (INCL. AMER) | 706 | 11.27 | 40.5% |
| LORILLARD | 683 | 10.90 | 95.6% |
| LIGGETT | 44 | 0.71 | 23.5% |

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WEEKLY VOL

PRELIMINARY VOLUME AND SHARE

W/E 3/17/95

SHARE

YTD SHARE

TOTAL INDUSTRY YEAR TO DATE

DIFF vs.

| | <u>VOLUME</u> | <u>DIFF</u> <u>VS 1994</u> | <u>% CHANGE</u> <u>VS 1994</u> | <u>SHARE</u> | <u>DIFF</u> <u>VS 1994</u> | <u>DIFF 1995 OB</u> <u>FCST</u> | <u>1995 OB</u> <u>FCST</u> |
|-----------------|---------------|-------------------------------|-----------------------------------|--------------|-------------------------------|------------------------------------|-------------------------------|
| INDUSTRY | 91,627 | -7,888 | -7.9% | | | | |
| PHILIP MORRIS | 41,937 | -1,162 | -2.6% | 45.77 | 2.46 | 45.60 | 0.17 |
| R.J. REYNOLDS | 23,774 | -4,844 | -16.9% | 25.95 | -2.81 | 25.98 | -0.04 |
| B&W(INCL. AMER) | 16,942 | -1,246 | -6.8% | 18.49 | 0.21 | 18.80 | -0.31 |
| LORILLARD | 7,207 | -178 | -2.4% | 7.87 | 0.44 | 7.50 | 0.37 |
| LIGGETT | 1,748 | -455 | -20.7% | 1.91 | -0.31 | 2.12 | -0.21 |

DISCOUNT YEAR TO DATE

| | <u>VOLUME</u> | <u>DIFF</u> <u>VS</u> <u>1994</u> | <u>% CHANGE</u> <u>VS</u> <u>1994</u> | <u>SOC</u> | <u>DIFF</u> <u>VS</u> <u>1994</u> |
|-----------------|---------------|---|---|------------|---|
| INDUSTRY | 28,122 | -5,197 | -15.6% | 30.69 | -2.79 |
| PHILIP MORRIS | 7,596 | -1,223 | -13.8% | 27.01 | 0.54 |
| R.J. REYNOLDS | 9,143 | -2,831 | -23.6% | 32.51 | -3.42 |
| B&W(INCL. AMER) | 9,746 | -767 | -7.3% | 34.66 | 3.10 |
| LORILLARD | 325 | 12 | 3.7% | 1.16 | 0.22 |
| LIGGETT | 1,311 | -388 | -22.8% | 4.66 | -0.44 |

PREMIUM YEAR TO DATE

| | <u>VOLUME</u> | <u>DIFF</u> <u>VS</u> <u>1994</u> | <u>% CHANGE</u> <u>VS</u> <u>1994</u> | <u>SOC</u> | <u>DIFF</u> <u>VS</u> <u>1994</u> |
|-----------------|---------------|---|---|------------|---|
| INDUSTRY | 63,504 | -2,691 | -4.1% | 69.31 | 2.79 |
| PHILIP MORRIS | 34,342 | 60 | 0.1% | 54.08 | 2.29 |
| R.J. REYNOLDS | 14,631 | -2,014 | -12.1% | 23.04 | -2.11 |
| B&W(INCL. AMER) | 7,197 | -479 | -6.2% | 11.33 | -0.26 |
| LORILLARD | 6,882 | -189 | -2.7% | 10.84 | 0.15 |
| LIGGETT | 437 | -68 | -13.4% | 0.69 | -0.07 |

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Y-T-D VOL

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ORIGINAL BUDGET FORECAST FIRST QUARTER 1995

TOTAL VOLUME

TOTAL SHARE

| | <u>WEEK ENDING 3/17</u> | | | <u>WEEK ENDING 3/17</u> | | |
|-----------------|-------------------------|--------------|--------------|-------------------------|--------------|--------------|
| | <u>ACTUAL</u> | <u>FCAST</u> | <u>DIFF.</u> | <u>ACTUAL</u> | <u>FCAST</u> | <u>DIFF.</u> |
| INDUSTRY | 9,054 | 9,037 | 17 | | | |
| PHILIP MORRIS | 4,139 | 4,061 | 78 | 45.72 | 44.94 | 0.78 |
| R.J. REYNOLDS | 2,265 | 2,376 | -111 | 25.02 | 26.29 | -1.27 |
| B&W(INCL. AMER) | 1,744 | 1,715 | 29 | 19.26 | 18.98 | 0.29 |
| LORILLARD | 714 | 685 | 29 | 7.89 | 7.57 | 0.32 |
| LIGGETT | 189 | 200 | -11 | 2.09 | 2.21 | -0.12 |

| | <u>QUARTER TO DATE</u> | | | <u>QUARTER TO DATE</u> | | | <u>1Q95</u> |
|-----------------|------------------------|--------------|--------------|------------------------|--------------|--------------|--------------|
| | <u>ACTUAL</u> | <u>FCAST</u> | <u>DIFF.</u> | <u>ACTUAL</u> | <u>FCAST</u> | <u>DIFF.</u> | <u>FCAST</u> |
| INDUSTRY | 91,627 | 93,314 | -1,687 | | | | |
| PHILIP MORRIS | 41,937 | 42,072 | -134 | 45.77 | 45.09 | 0.68 | 45.26 |
| R.J. REYNOLDS | 23,774 | 24,493 | -719 | 25.95 | 26.25 | -0.30 | 26.16 |
| B&W(INCL. AMER) | 16,942 | 17,680 | -738 | 18.49 | 18.95 | -0.46 | 18.88 |
| LORILLARD | 7,207 | 7,094 | 113 | 7.87 | 7.60 | 0.26 | 7.57 |
| LIGGETT | 1,748 | 1,975 | -227 | 1.91 | 2.12 | -0.21 | 2.12 |

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FORECAST

Philip Morris USA

McLane Shipments

PM SHIPMENTS TO MCLANE WERE ABOVE NORM FOR THE SECOND CONSECUTIVE WEEK, NEAR MCLANE SHIPMENTS TO THEIR RETAILERS FOR THE PAST SIX WEEKS.

TOTAL PM VOLUME MCLANE
(millions of cigarettes)

| <u>Week Ending</u> | PM Shipped To <u>McLane</u> | McLane Shipped To <u>Retailers</u> | <u>Difference</u> |
|--------------------|--------------------------------|---------------------------------------|-------------------|
| 1/6/95 | 779.1 | 551.0 | 228.1 |
| 1/13 | 142.7 | 579.6 | -436.9 |
| 1/20 | 332.7 | 573.6 | -240.9 |
| 1/27 | 258.1 | 555.5 | -297.4 |
| 2/3 | 490.6 | 553.0 | -62.4 |
| 2/10 | 594.4 | 583.6 | 10.8 |
| 2/17 | 565.6 | 584.4 | -18.8 |
| 2/24 | 618.5 | 593.2 | 25.3 |
| 3/3 | 589.7 | 631.9 | -42.2 |
| 3/10 | 616.2 | 620.8 | -4.6 |
| 3/17 | 641.3 | 605.9 (e) | 35.4 |
| AVERAGE WEEK-YTD | 511.7 | 584.8 | -73.1 |
| YTD 1995 | 5,628.9 | 6,432.5 | -803.6 |

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All volumes through 10/21/94 exclude 24 Sam's Clubs in Michigan which purchased directly from PM. As of 10/28, these are included in McLane's Northeast Division.

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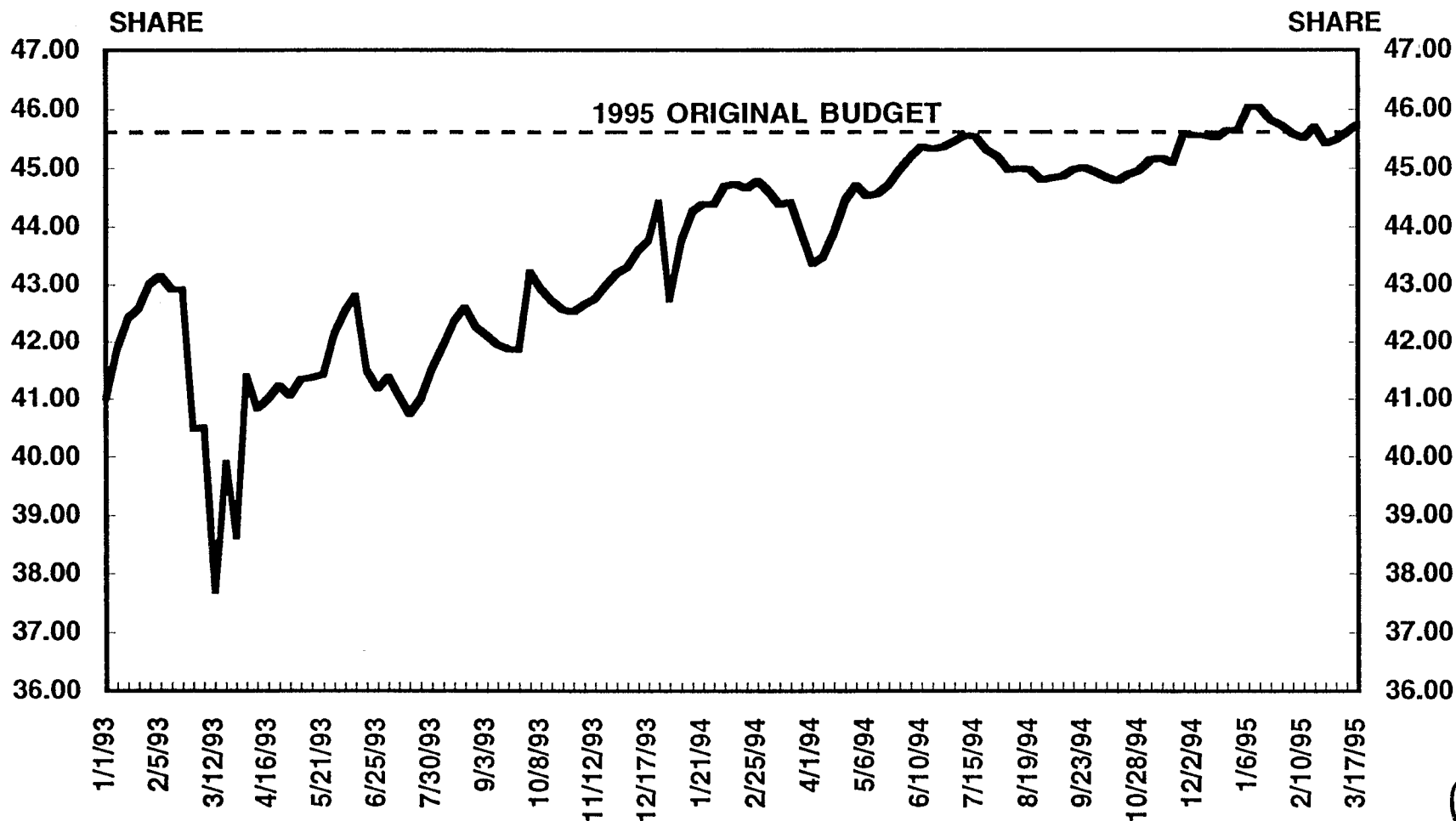
PM-USA WEEKLY PERFORMANCE

| | <u>12/23</u> | <u>12/30</u> | <u>1/6</u> | <u>1/13</u> | <u>1/20</u> | <u>1/27</u> | <u>2/3</u> | <u>2/10</u> | <u>2/17</u> | <u>2/24</u> | <u>3/3</u> | <u>3/10</u> | <u>3/17</u> | 1Q OB WEEKLY TARGET |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------------------|
| MARLBORO | 3,399 | 2,472 | 2,302 | 2,010 | 2,154 | 2,175 | 2,372 | 2,551 | 2,879 | 2,437 | 2,598 | 2,660 | 2,693 | 2,564 |
| B&H | 264 | 200 | 207 | 169 | 177 | 183 | 203 | 207 | 227 | 197 | 217 | 217 | 214 | 211 |
| MERIT | 278 | 211 | 203 | 180 | 186 | 191 | 197 | 208 | 220 | 194 | 212 | 218 | 214 | 211 |
| V.SLIMS | 280 | 202 | 208 | 170 | 178 | 192 | 202 | 216 | 229 | 205 | 215 | 222 | 218 | 211 |
| PARLIAMENT | 72 | 58 | 53 | 51 | 52 | 53 | 56 | 58 | 67 | 51 | 61 | 71 | 60 | 57 |
| OTHER PREMIUM | 20 | 15 | 17 | 18 | 16 | 15 | 16 | 17 | 17 | 16 | 16 | 17 | 17 | 15 |
| CANADIAN | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL PREMIUM | 4,312 | 3,158 | 2,989 | 2,597 | 2,764 | 2,809 | 3,046 | 3,258 | 3,639 | 3,099 | 3,319 | 3,405 | 3,417 | 3,269 |
| CAMBRIDGE | 160 | 126 | 147 | 142 | 125 | 121 | 132 | 142 | 141 | 127 | 137 | 144 | 136 | 154 |
| ALPINE | 32 | 26 | 24 | 24 | 24 | 25 | 26 | 29 | 31 | 32 | 28 | 31 | 27 | 31 |
| BUCKS | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| FVB | 132 | 120 | 104 | 108 | 101 | 90 | 108 | 115 | 116 | 134 | 140 | 122 | 118 | 131 |
| BASIC | 492 | 327 | 329 | 293 | 322 | 311 | 365 | 400 | 416 | 650 | 400 | 430 | 422 | 457 |
| BRISTOL | 13 | 12 | 12 | 12 | 11 | 11 | 12 | 13 | 14 | 12 | 13 | 13 | 11 | 14 |
| OTHER | 6 | 4 | 5 | 6 | 8 | 4 | 4 | 4 | 5 | 4 | 5 | 5 | 7 | 3 |
| TOTAL DISCOUNT | 839 | 616 | 623 | 587 | 593 | 563 | 648 | 705 | 723 | 961 | 724 | 746 | 723 | 792 |
| TOTAL PM-USA | 5,151 | 3,774 | 3,612 | 3,184 | 3,357 | 3,371 | 3,694 | 3,963 | 4,361 | 4,061 | 4,044 | 4,151 | 4,139 | 4,062 |

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PM SHARE OF MARKET 13 WEEK MOVING AVERAGE



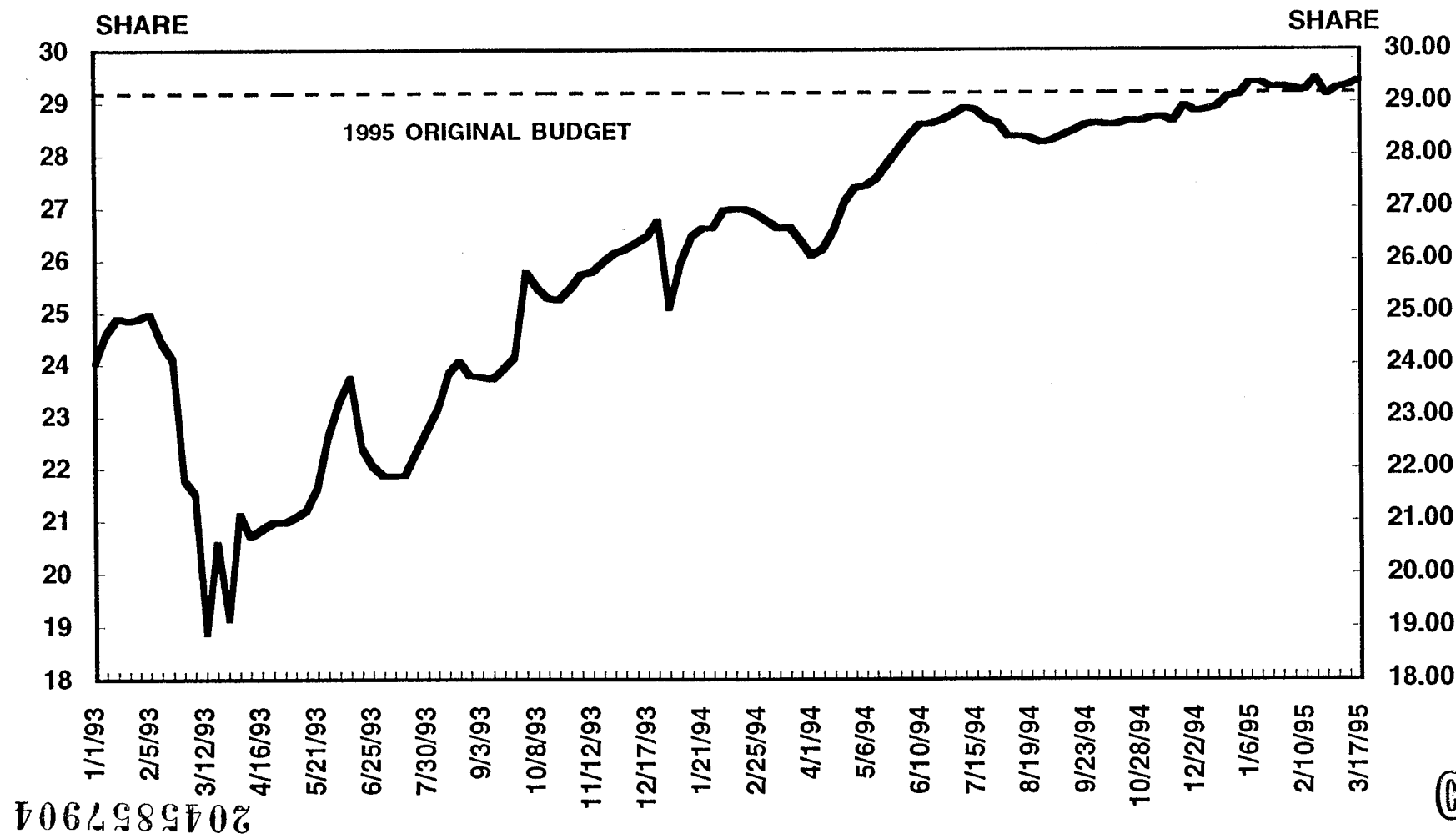
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SOURCE: MSA SHIPMENTS

13WM BRANDS Chart 1

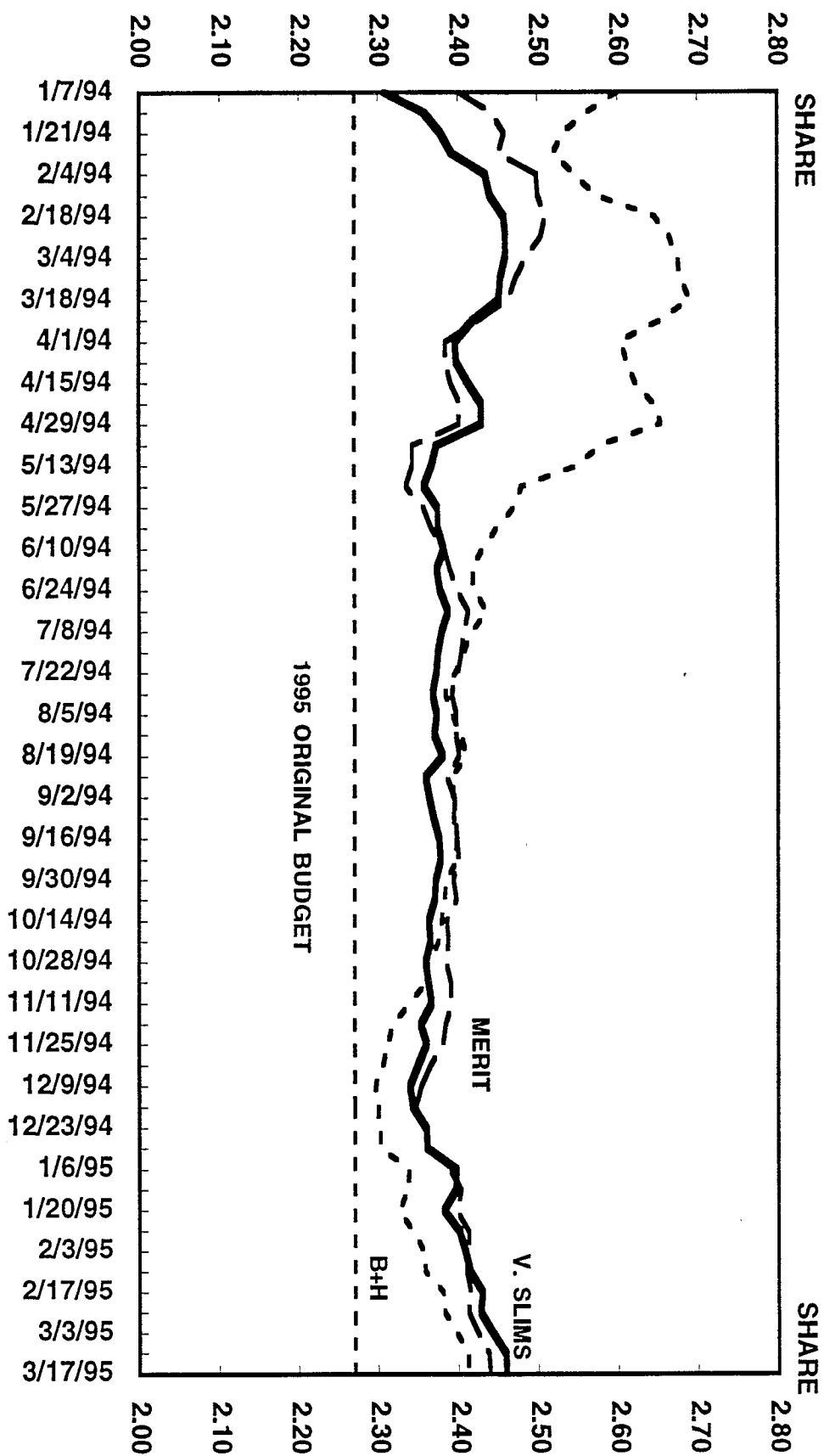
MARLBORO SHARE OF MARKET 13 WEEK MOVING AVERAGE



SOURCE: MSA SHIPMENTS

13WM BRANDS Chart 2

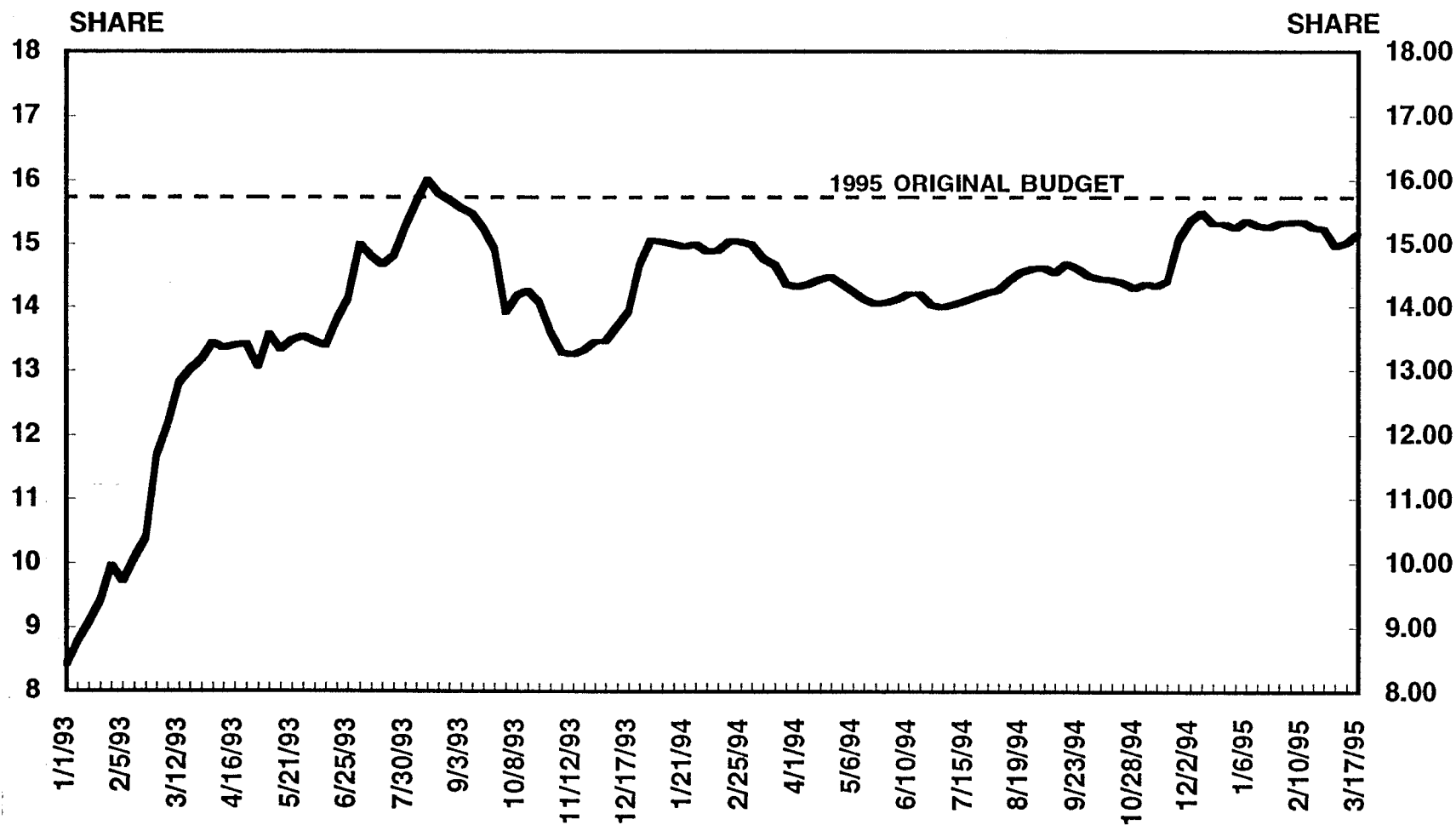
B+H, MERIT AND V. SLIMS SHARE OF INDUSTRY 13 WEEK MOVING AVERAGE



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BASIC SHARE OF DISCOUNT 13 WEEK MOVING AVERAGE



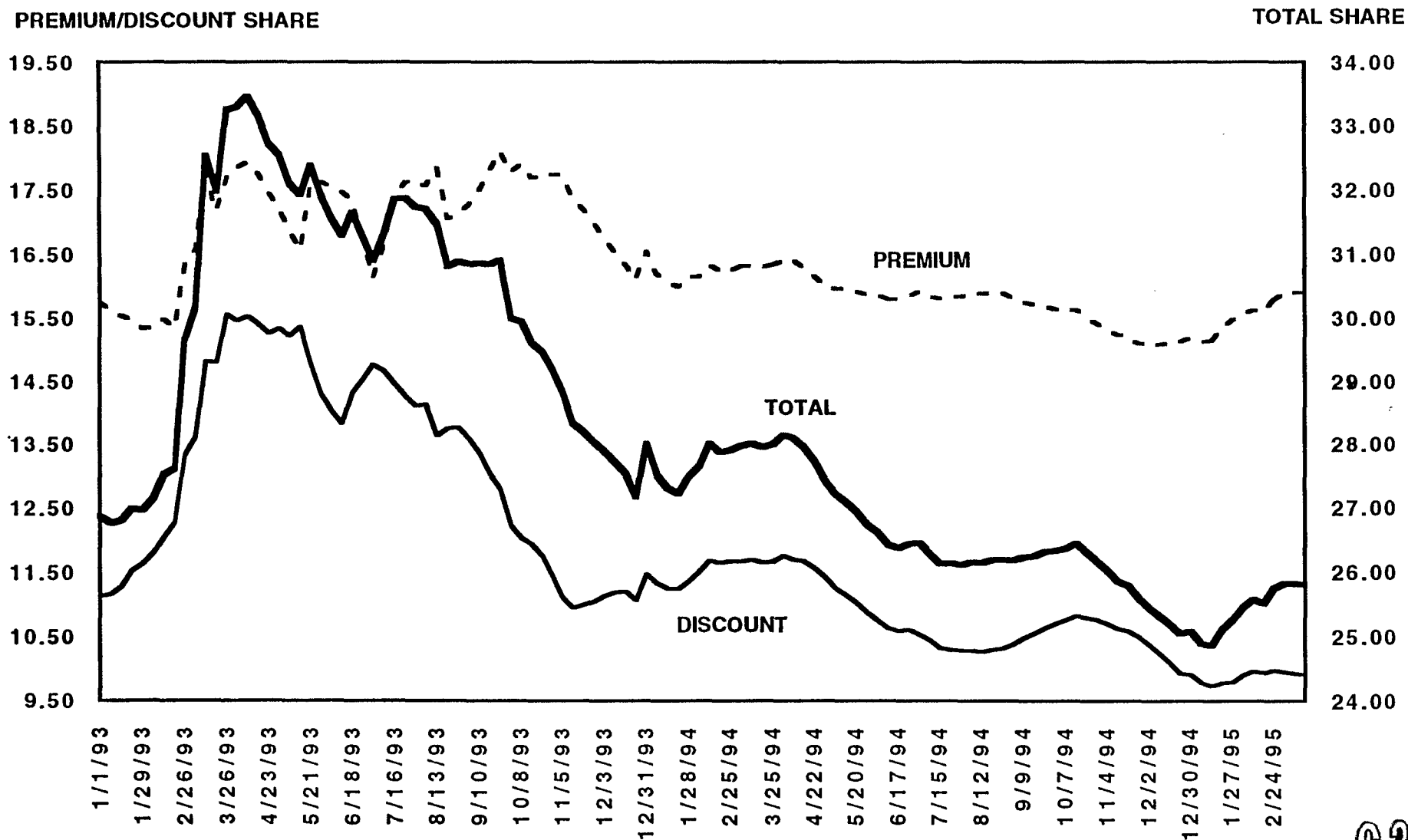
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SOURCE: MSA SHIPMENTS

13WM BRANDS Chart 4

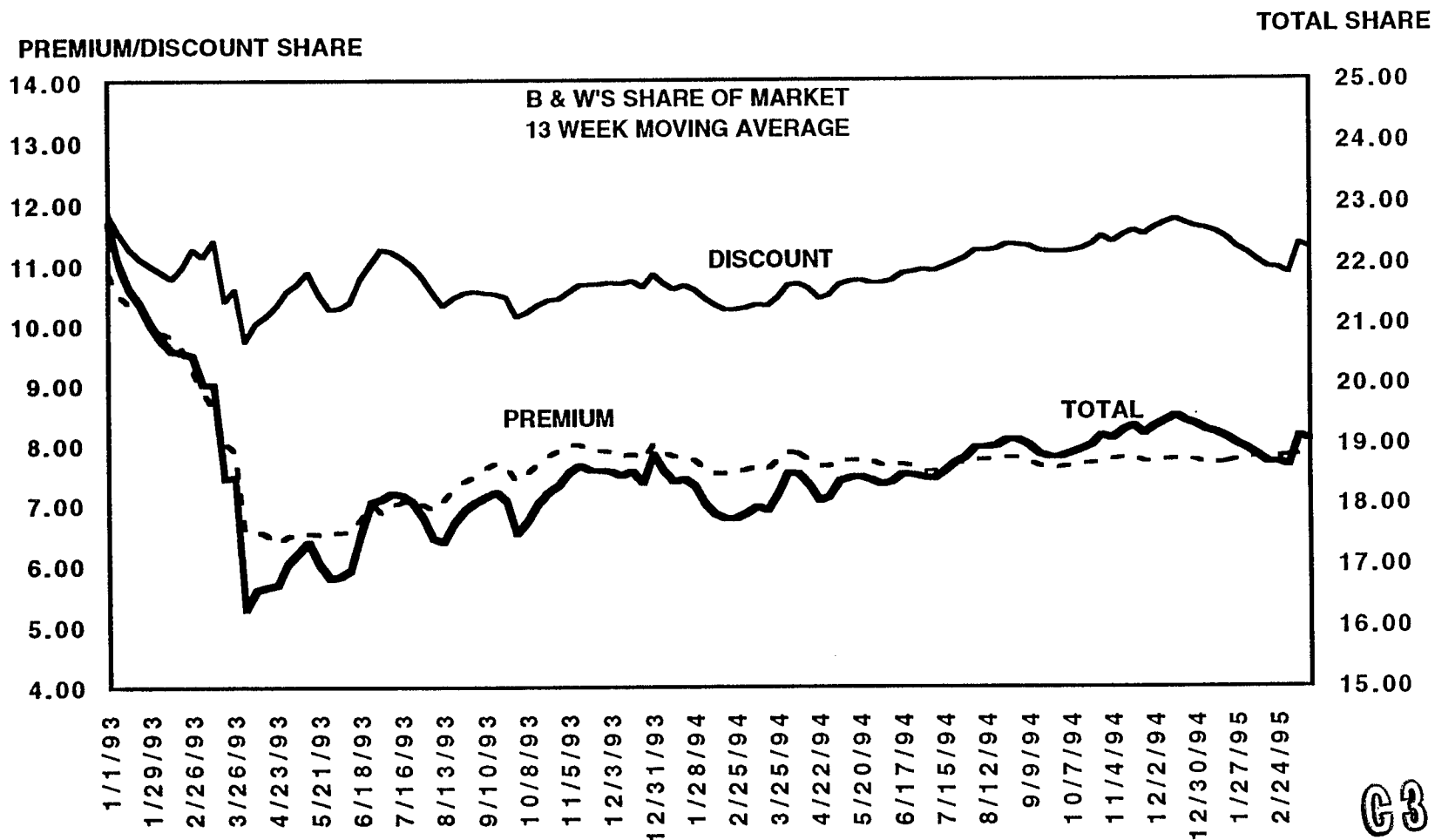
RJR SHARE OF MARKET 13 WEEK MOVING AVERAGE



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SOURCE: MSA SHIPMENTS

B & W's RECENT SHARE PERFORMANCE WAS DRIVEN BY DISCOUNT. LOSSES DURING 1995 ARE PRIMARILY DUE TO MONTCLAIR PARTIALLY OFFSET BY SMALLER GPC GAINS.

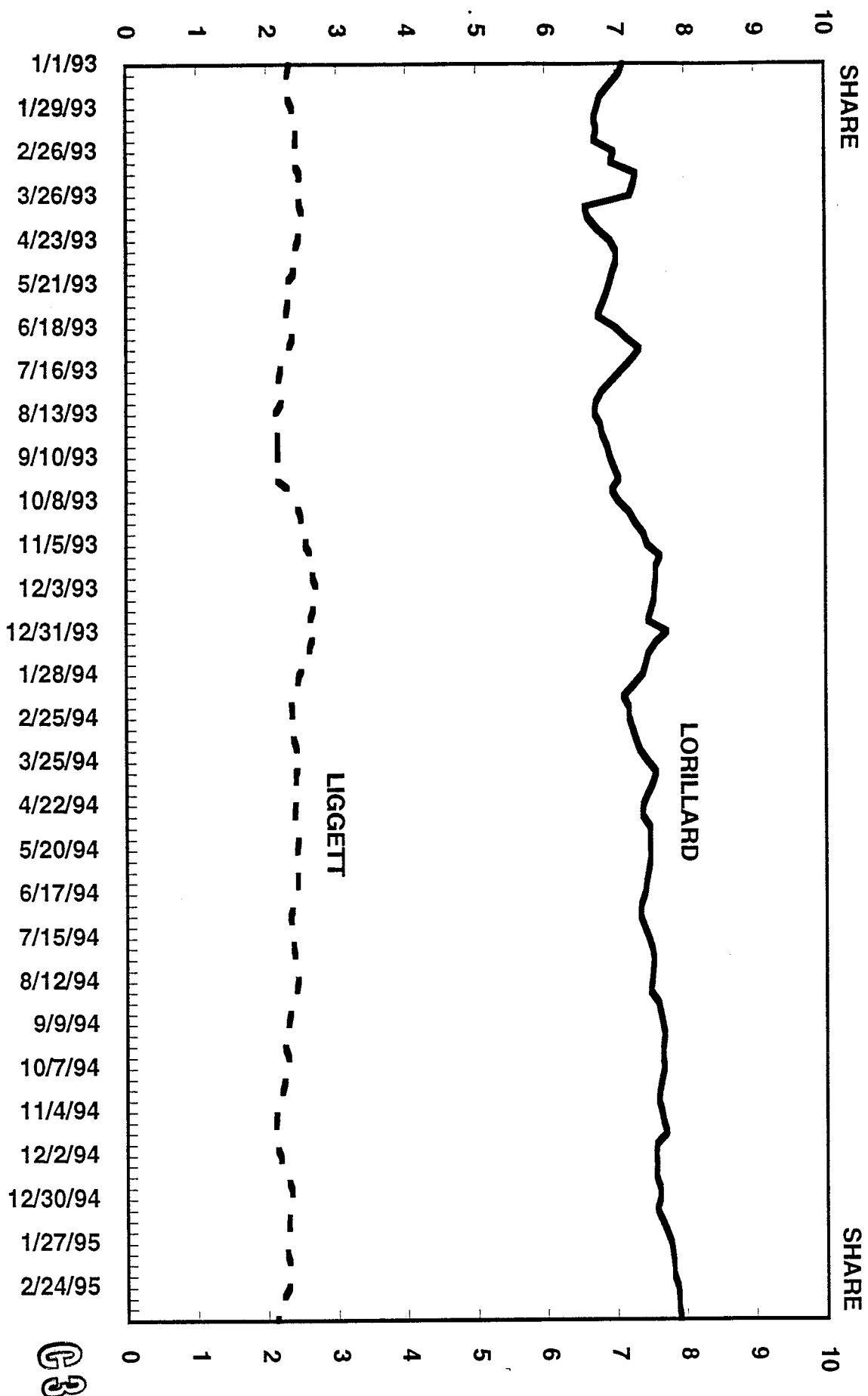


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SOURCE: MSA SHIPMENTS

13 WM SHARES B&W, RJR Chart 8

COMPETITORS' SHARE OF MARKET 13 WEEK MOVING AVERAGE



SOURCE: MSA SHIPMENTS

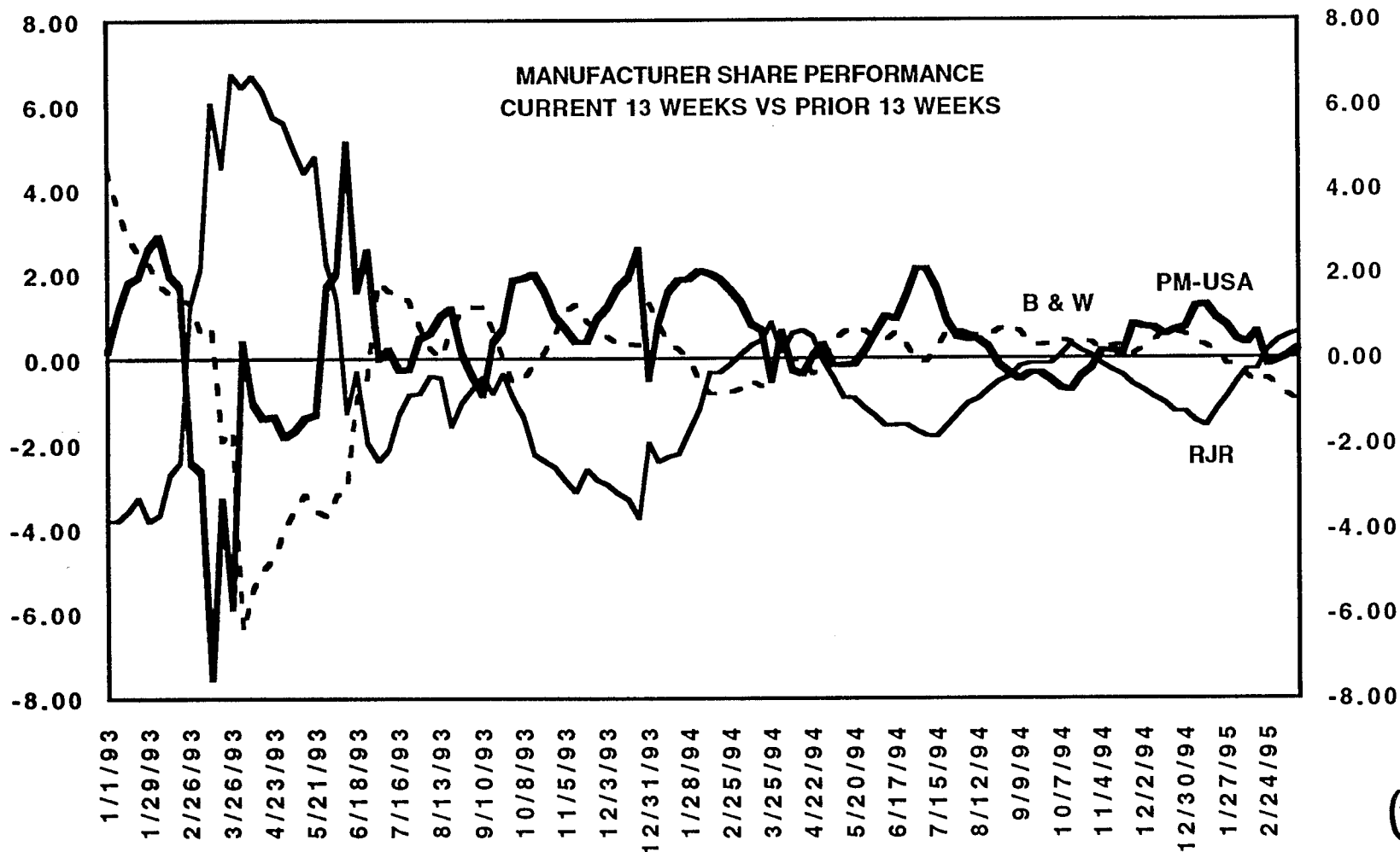
13 WM COMPANY SHARES Chart 3

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PM HAS HAD THE GREATEST INTERACTION WITH RJR.
 PM's GROWTH CYCLES HAVE BEEN PREMIUM DRIVEN, WHILE B+W's REMAIN
 RELATED TO DISCOUNT PROMOTIONS. RJR'S HAS RECENTLY SWITCHED TO
 PREMIUM.

SHARE CHANGE

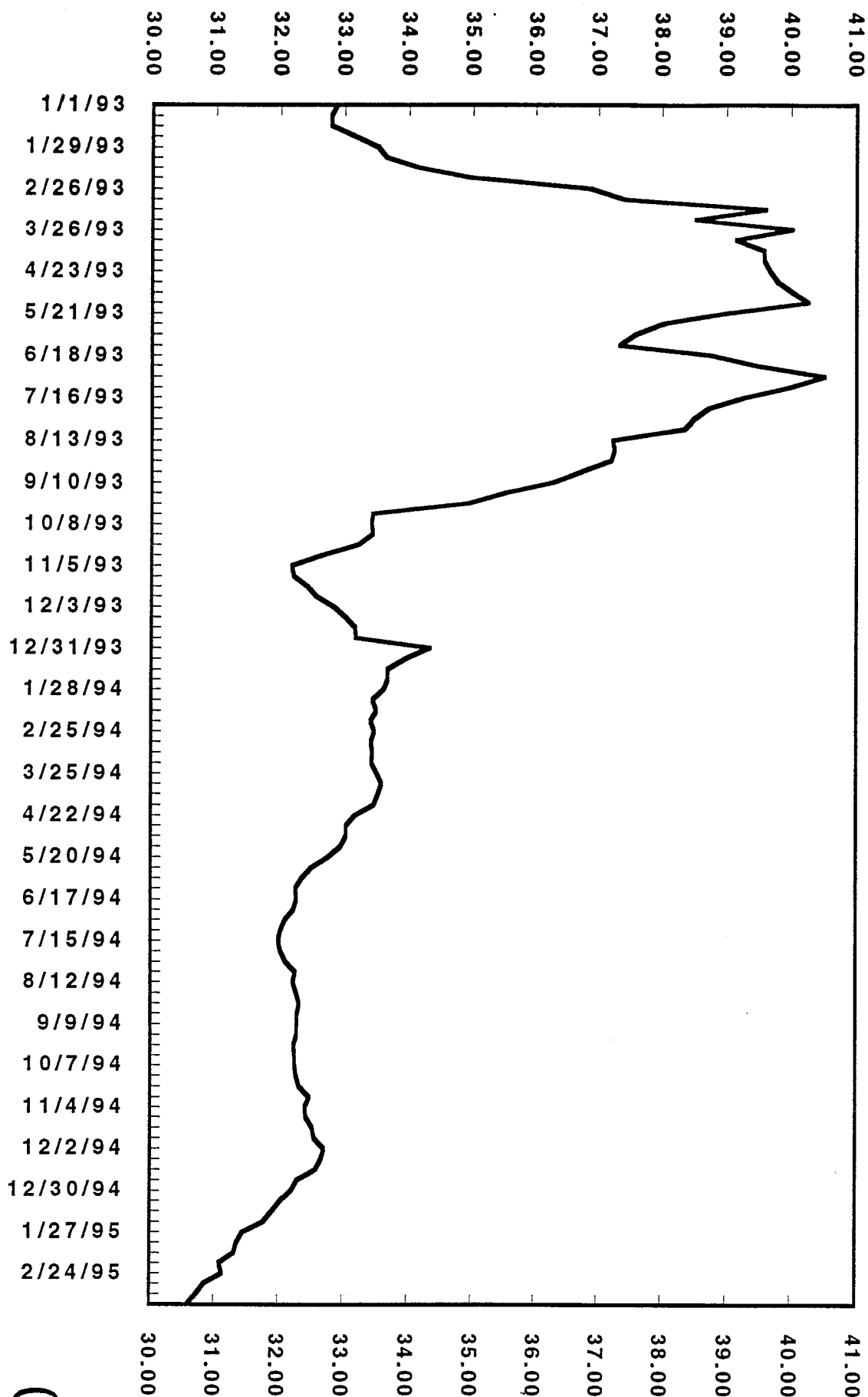
SHARE CHANGE



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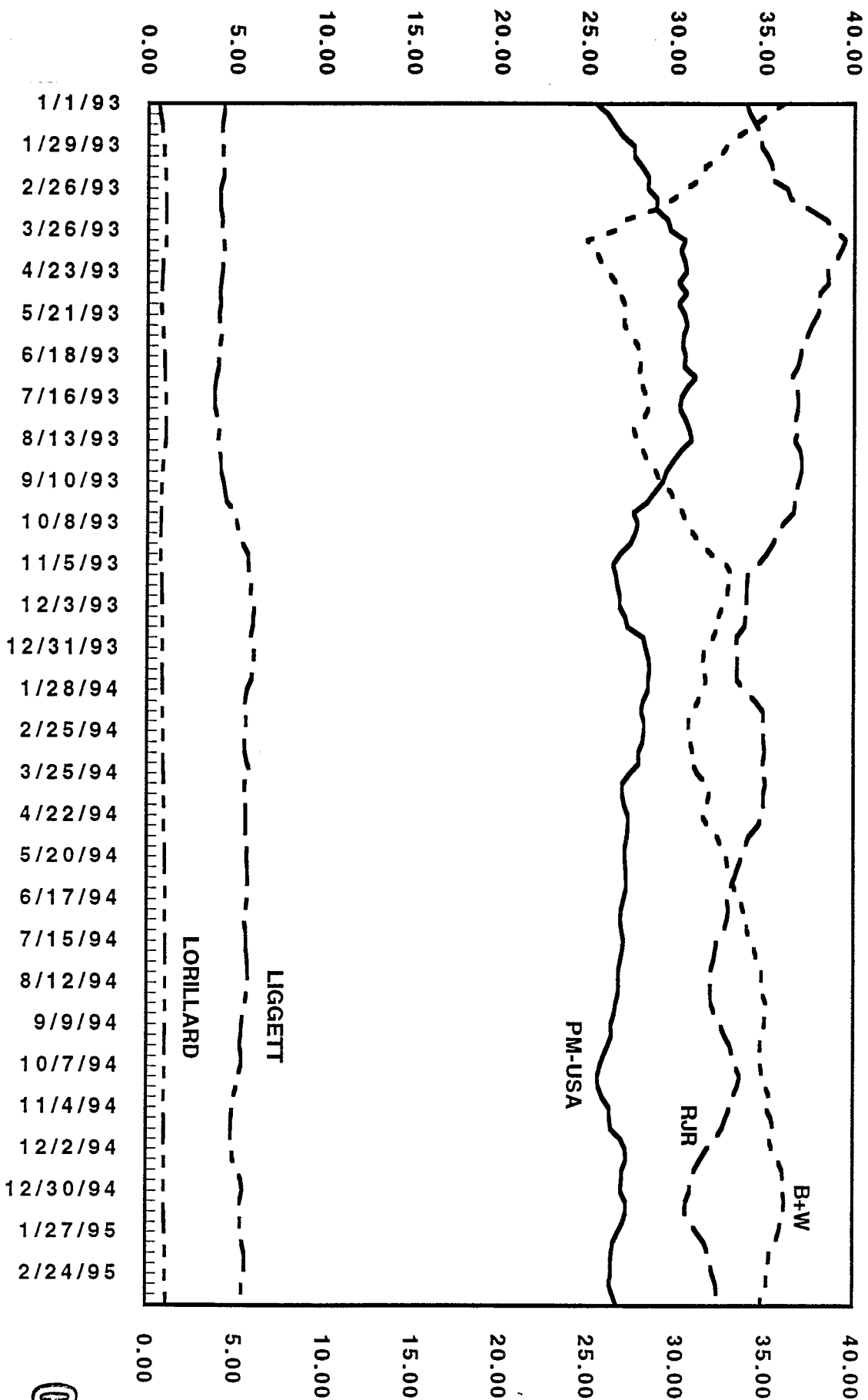
DISCOUNT SHARE OF INDUSTRY 13 WEEK MOVING AVERAGE



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COMPANIES SHARE OF TOTAL DISCOUNT 13 WEEK MOVING AVERAGE



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TRIGGER
POINTS

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Philip Morris USA

Trigger Points

PM-USA PERFORMANCE TRIGGERS FOR DISCUSSION (4wm Nielsen, Consumer Tracking Trend, Nielsen Pricing)

| <u>Measures</u> | <u>Trigger 1st half 1995</u> | <u>Latest Data 4wm</u> | <u>1995 O.B.</u> | <u>1994</u> | <u>4Q 1994</u> |
|---|--------------------------------------|--------------------------------|------------------|-------------|----------------|
| • Marlboro share of Market | 29.6 | 30.5 | 29.6 | 28.6 | 29 |
| • Marlboro share of young adult smoker volume | 59.0 | 61.7 ** | n/a | 58.6 | 60.9 |
| • Marlboro share of young adult smokers | 60.0 | 63.1 ** | n/a | 61.3 | 61.8 |
| • Premium Category share of market | 69.3 | 70.4 | 68.5 | 68.5 | 69.5 |
| • Basic share of Discount Category | 15.2 | 15.4 | 15.8 | 14.5 | 14.7 |
| • Basic less GPC share of market | -0.5 | -0.8 | n/a | -0.3 | -0.5 |
| • Total Branded Products share of market | 92.8 | 93.5 | 93.1 | 92.8 | 93.3 |
| • Marlboro vs. Lowest Discount pack price gap* | 65¢ | 63¢ | n/a | 59¢ | 59¢ |
| • PM-USA share of market | 46.5 | 47.3 | 47.0 | 46.2 | 46.4 |

Note:

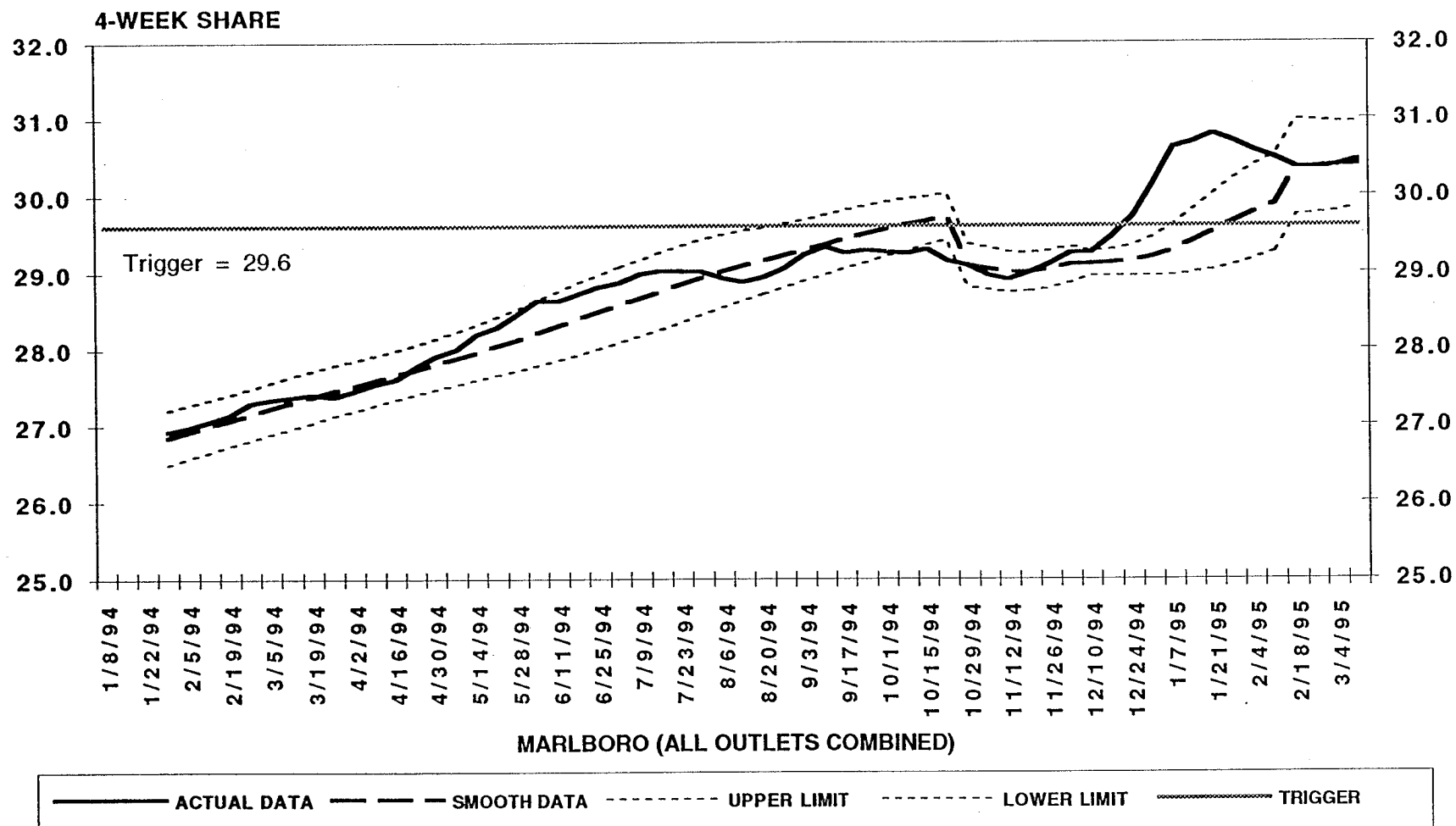
* New Nielsen pricing panel data are shown for 1995, while 1994 data reflects old pricing panel.

** Latest smoothed trend point (Jan)

©3

2045857914

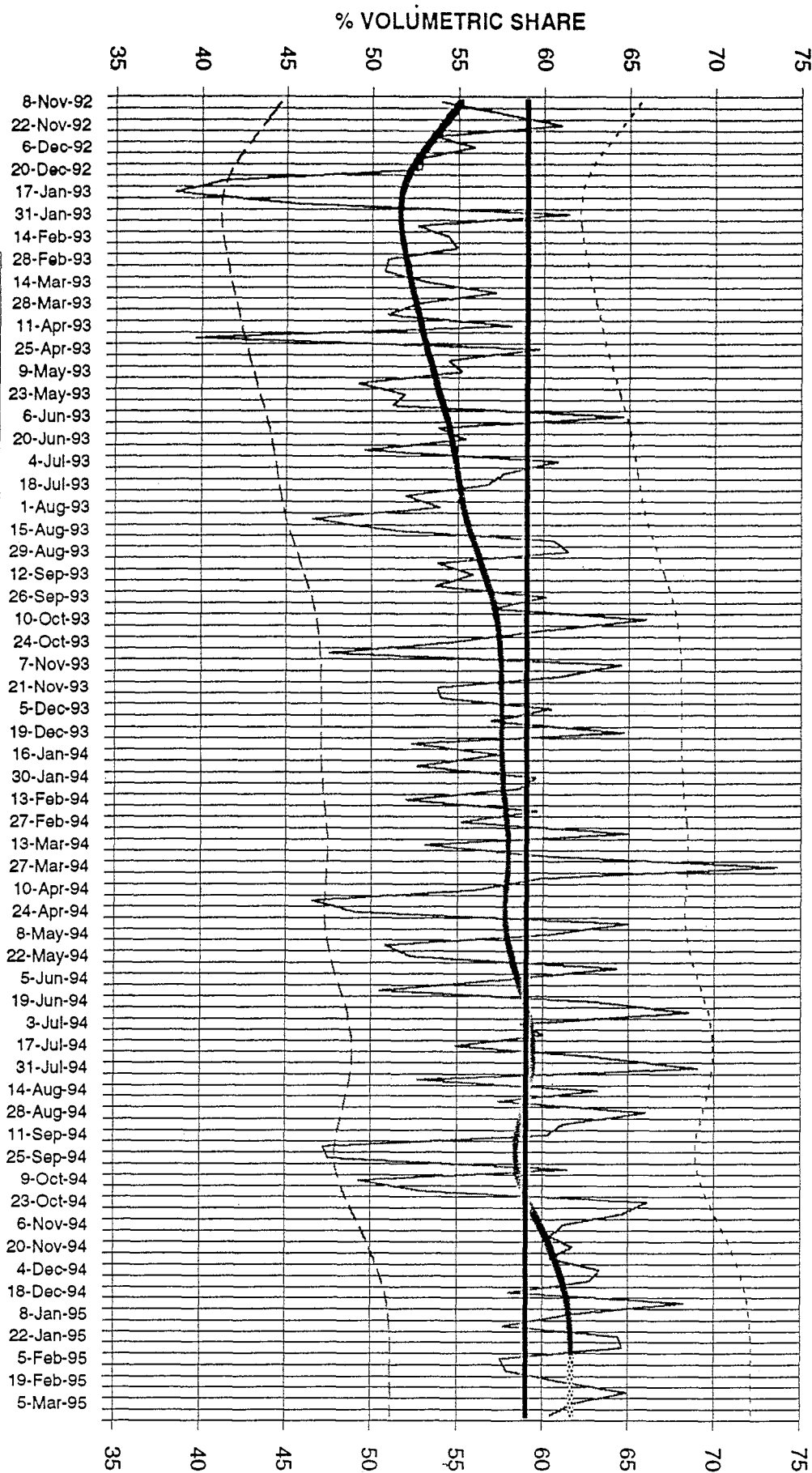
Marlboro 4 WM Share Total U.S. All Outlets Combined



Source: Nielsen Integrated Panel

2045857915

MARLBORO VOLUMETRIC SHARE (AMONG 18-24 SMOKERS)



63

20162585402

SOURCE: VOLUMETRICS WEEKLY

FEBRUARY AND MARCH '95 REPRESENT TOP LINE DATA

WIKIMARVAGE (SPLINE BY 1000)

MARLBORO SMOKER SHARE (AMONG 18-24 SMOKERS)

2162585402

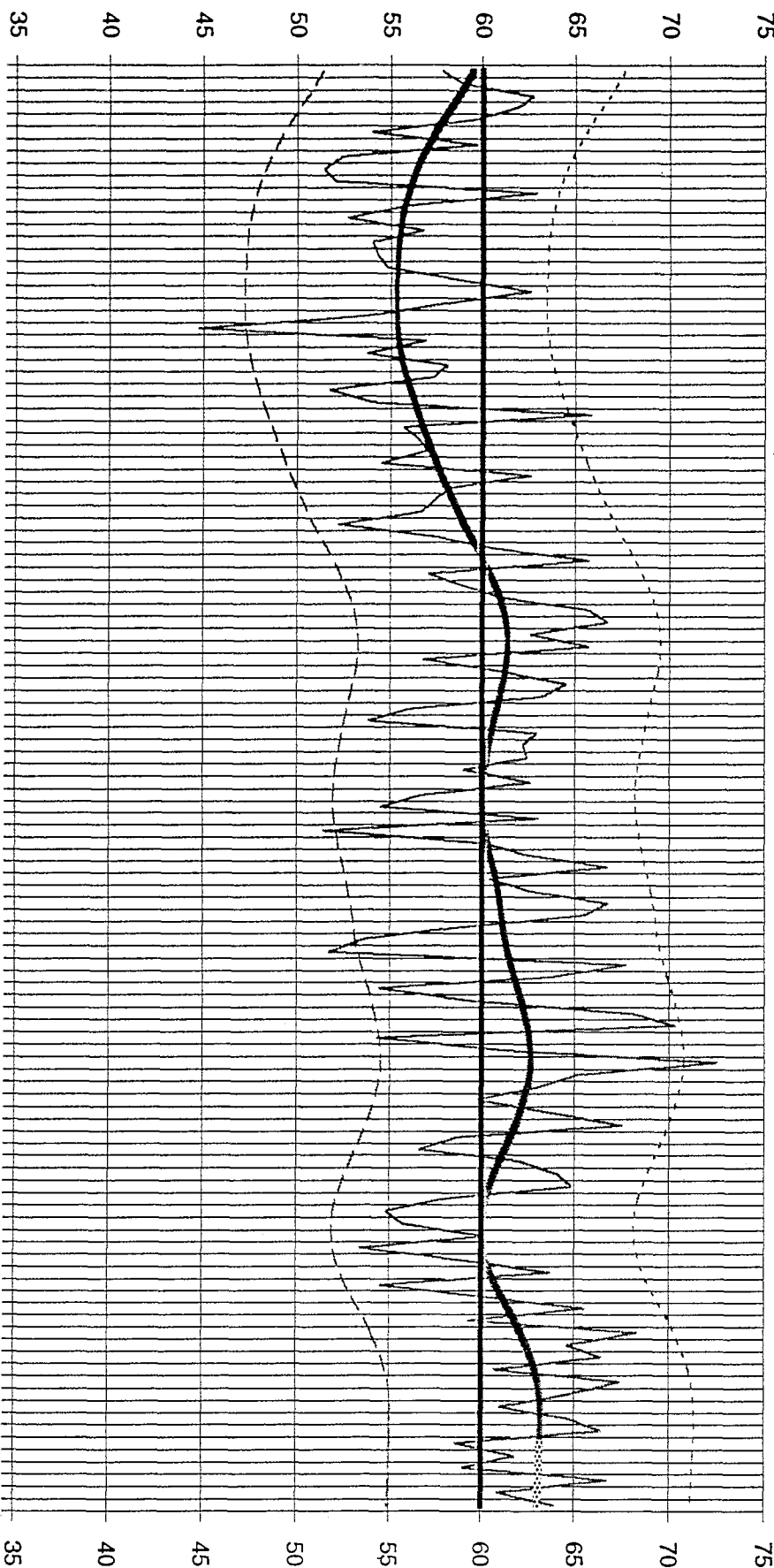
Share
Trend (Unstable)
Trend
Trigger

95+

95-

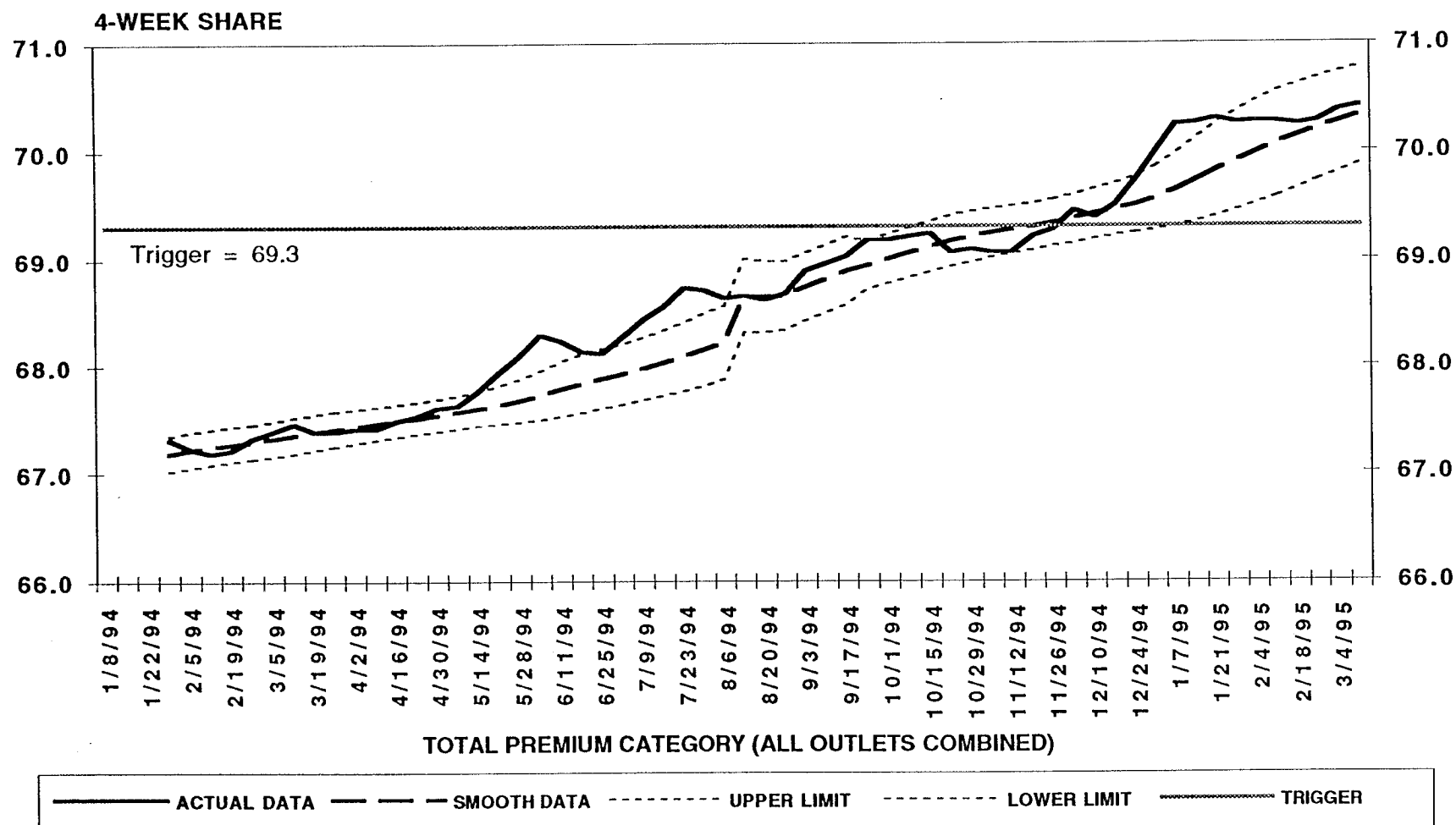
8-Nov-92
22-Nov-92
6-Dec-92
20-Dec-92
17-Jan-93
31-Jan-93
14-Feb-93
28-Feb-93
14-Mar-93
28-Mar-93
11-Apr-93
25-Apr-93
9-May-93
23-May-93
6-Jun-93
20-Jun-93
4-Jul-93
18-Jul-93
1-Aug-93
15-Aug-93
29-Aug-93
12-Sep-93
26-Sep-93
10-Oct-93
24-Oct-93
7-Nov-93
21-Nov-93
5-Dec-93
19-Dec-93
16-Jan-94
30-Jan-94
13-Feb-94
27-Feb-94
13-Mar-94
27-Mar-94
10-Apr-94
24-Apr-94
8-May-94
22-May-94
5-Jun-94
19-Jun-94
3-Jul-94
17-Jul-94
31-Jul-94
14-Aug-94
28-Aug-94
11-Sep-94
25-Sep-94
9-Oct-94
23-Oct-94
6-Nov-94
20-Nov-94
4-Dec-94
18-Dec-94
8-Jan-95
22-Jan-95
5-Feb-95
19-Feb-95
5-Mar-95

% SMOKER SHARE



63

**Total Premium Category 4 WM Share
Total U.S. All Outlets Combined**

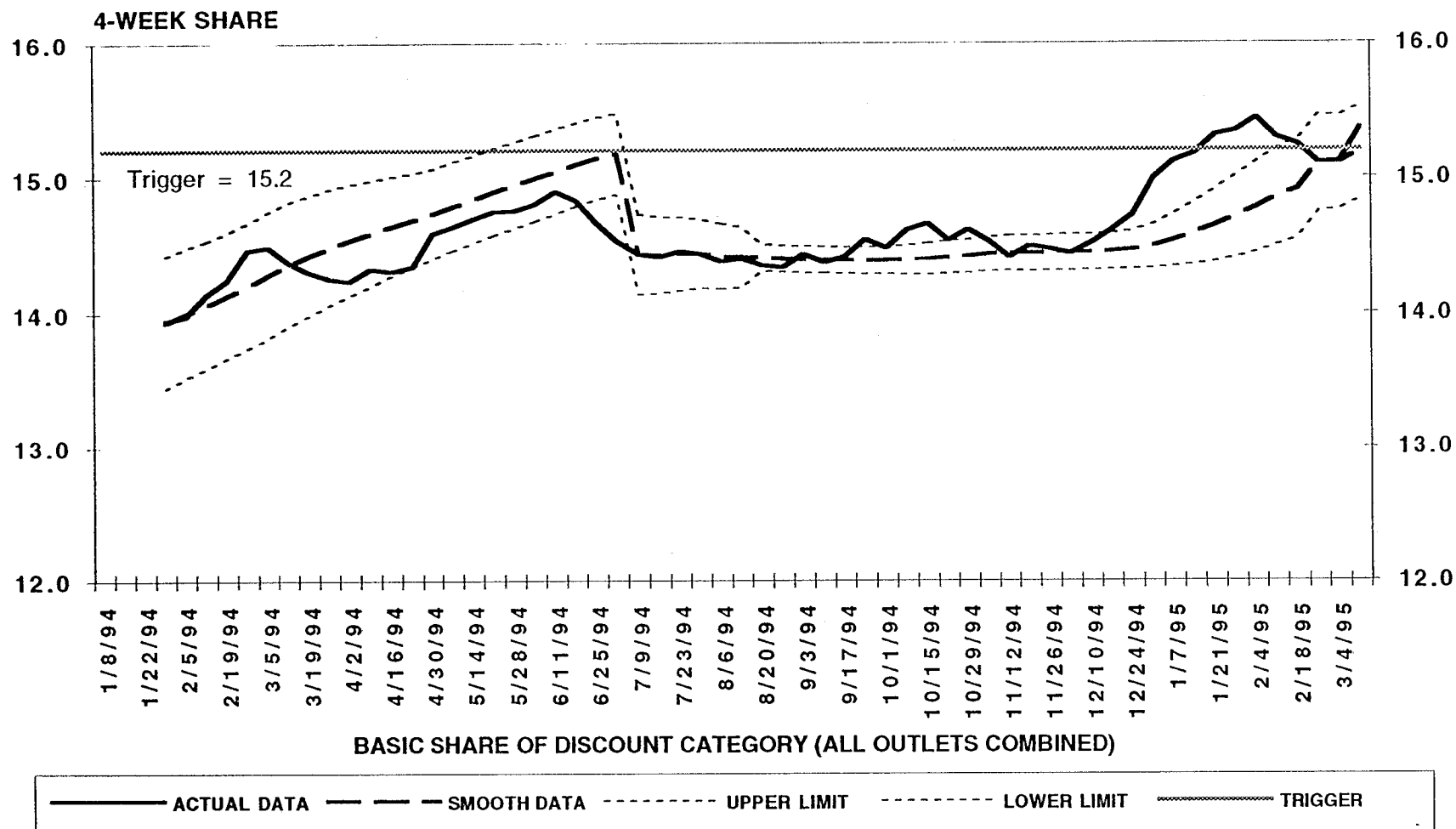


Source: Nielsen Integrated Panel

63

2045857918

**Basic SOC 4 WM Share
Total U.S. All Outlets Combined**

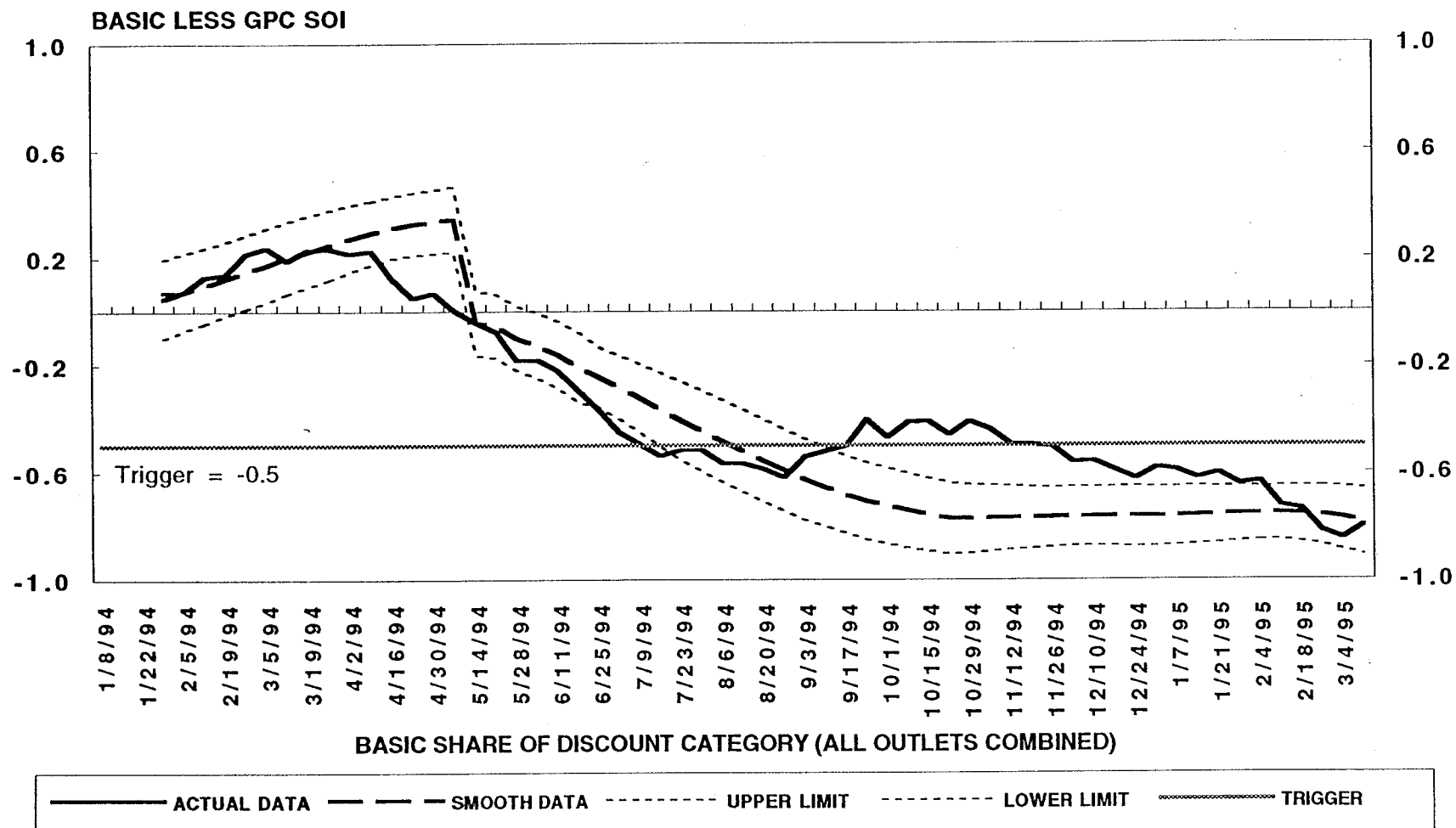


Source: Nielsen Integrated Panel

63

2045857919

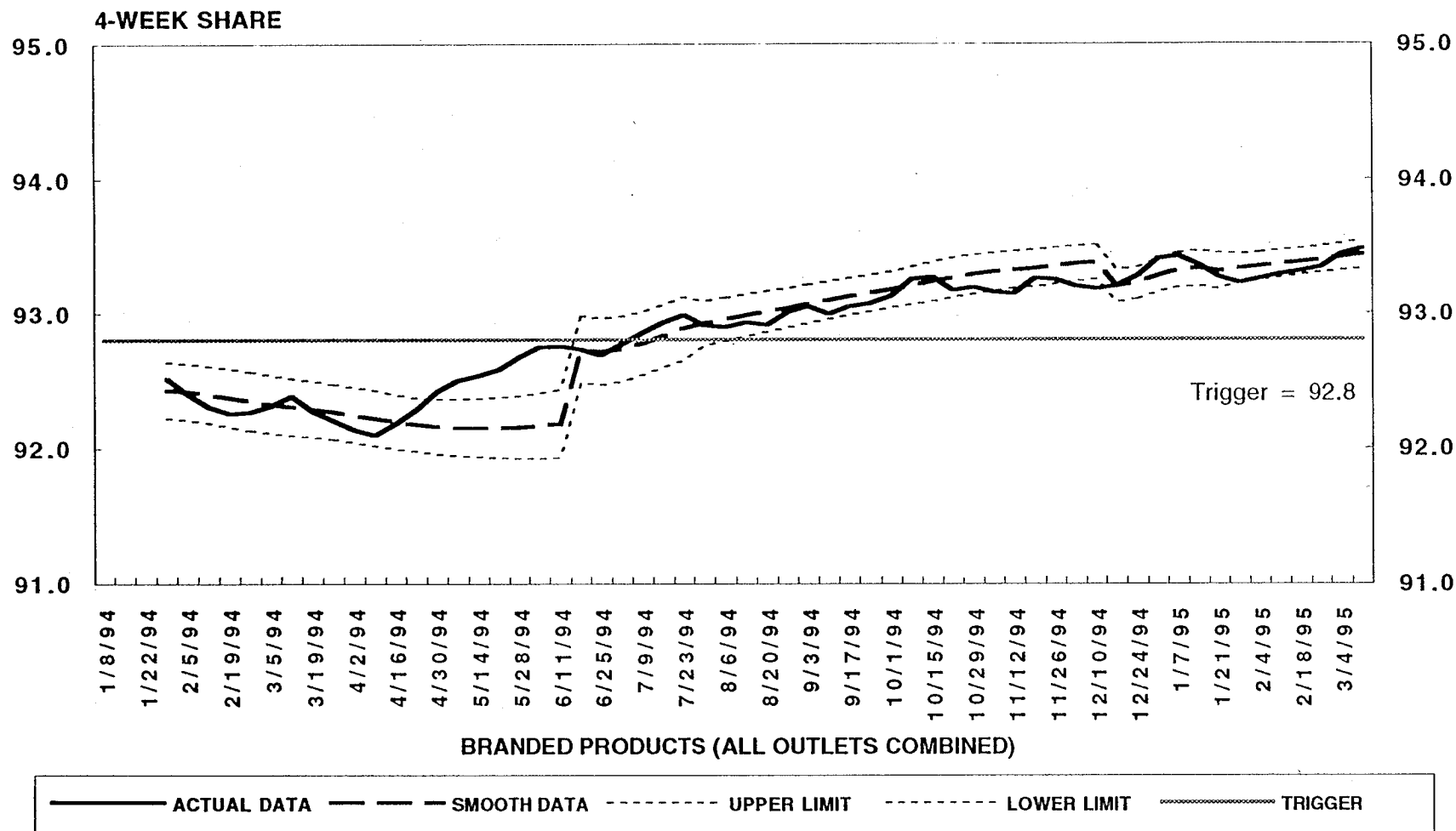
4 WM Basic Less GPC SOI
Total U.S. All Outlets Combined



Source: Nielsen Integrated Panel

2045857920

Branded Products 4 WM Share Total U.S. All Outlets Combined

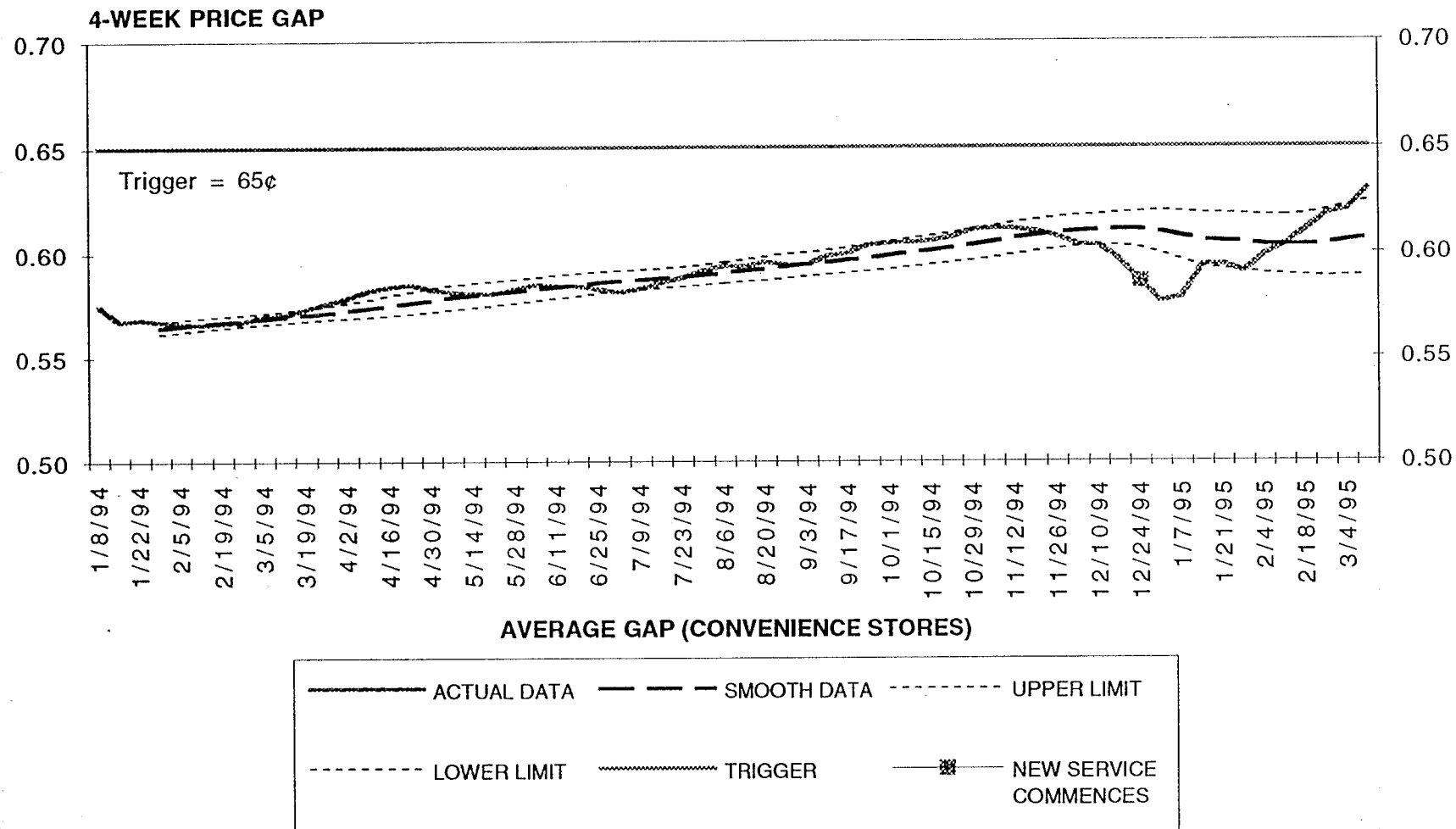


Source: Nielsen Integrated Panel

63

2045857921

Marlboro - Lowest Discount Price Gap (4WM) Total U.S. Convenience Stores

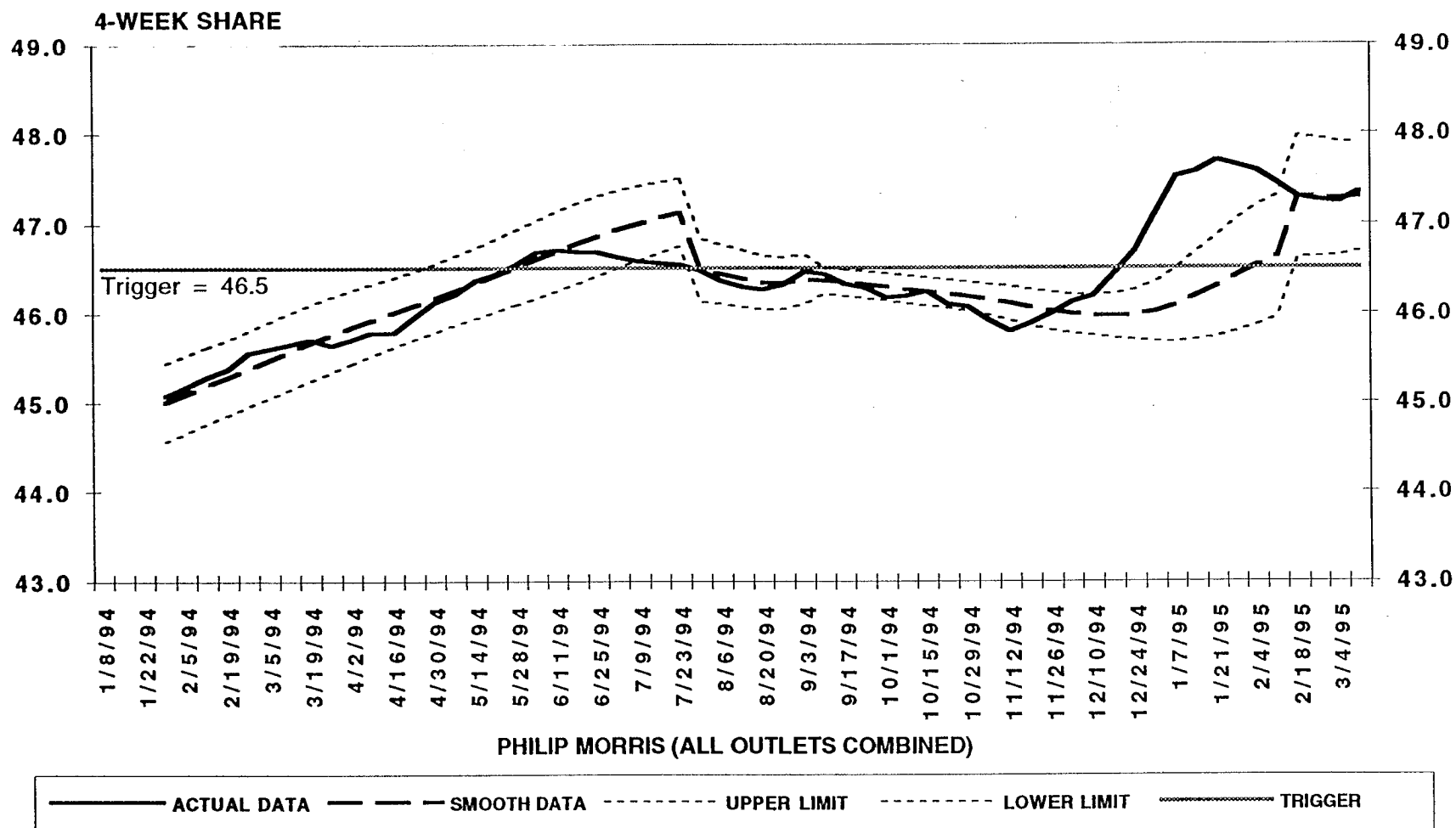


Source: Nielsen Pricing Database

63

2045857922

Philip Morris 4 WM Share Total U.S. All Outlets Combined



Source: Nielsen Integrated Panel

63

2045857922

PRICING

2045857924

63

PRICING - W/E 3/11/95PERFORMANCE ISSUES

| <u>PRICES</u> | <u>3/11/95</u> | <u>CHANGE VERSUS</u> | | |
|--|----------------|----------------------|------------------|---------------|
| | | <u>WK AGO</u> | <u>4 WKS AGO</u> | <u>1/7/95</u> |
| • C-store Pack Gap increased as Lowest Discount decreased. | | | | |
| \$ Gap | \$0.63 | \$0.01 | \$0.03 | \$0.04 |
| % Gap | 49% | 2% | 3% | 4% |
| • Supermarket Carton Gap fairly stable YTD | | | | |
| \$ Gap | \$4.41 | \$0.01 | \$0.10 | \$0.18 |
| % Gap | 36% | 0% | 1% | 1% |
| <u>INCIDENCE</u> | | | | |
| • Basic's price disadvantage w/Lowest | | | | |
| • Incidence decreased | 77% | 2% | 0% | (3%) |
| • Avg \$ Disadvantage stable | \$0.31 | \$0.00 | \$0.01 | (\$0.02) |
| • ≤99¢ Incidence increased | 18% | 1% | 1% | 0% |
| • Montclair money-off incidence increased | 21% | 3% | (2%) | (8%) |
| • Misty money-off incidence increased | 29% | 4% | 4% | 1% |
| • GPC money-off incidence increased | 49% | 3% | 0% | 2% |

2045857925

G3

THE AVERAGE PACK PRICE GAP INCREASED +1¢ TO 63¢ OR 48.8% AS ADDITIONAL PROMOTIONAL SUPPORT ON MISTY, GPC, MONTCLAIR, AND MONARCH REDUCED THE LOWEST DISCOUNT PRICE -2¢.

**C-STORE
PACKS**

| | <u>1/7/95</u> | <u>2/25/95</u> | <u>3/4</u> | <u>3/11</u> | <u>Change Prior Week</u> |
|-----------------|---------------|----------------|------------|-------------|------------------------------|
| Marlboro (net) | \$1.90 | \$1.93 | \$1.93 | \$1.92 | (\$0.01) |
| Lowest Discount | 1.31 | 1.30 | 1.31 | 1.29 | (\$0.02) |
| \$ Gap | 0.59 | 0.63 | 0.62 | 0.63 | \$0.01 |
| % Gap | 45.0% | 48.5% | 47.3% | 48.8% | \$0.02 |

**SUPERMARKET
CARTONS**

| | | | | | |
|-----------------|---------|---------|---------|-----|--------|
| Marlboro (net) | \$16.24 | \$16.58 | \$16.61 | N/A | \$0.03 |
| Lowest Discount | 12.03 | \$12.18 | \$12.20 | N/A | \$0.02 |
| \$ Gap | 4.21 | \$4.40 | \$4.41 | N/A | \$0.01 |
| % Gap | 35.0% | 36.1% | 36.1% | N/A | \$0.00 |

SOURCE: NIELSEN EXPANDED PRICING

C3

2045857926

3/22/95

FOR THE WEEK, PRICE GAPS INCREASED IN ALL GEOGRAPHIES
EXCEPT REGION 4 AS INCREASED PROMOTIONAL SUPPORT
ON DISCOUNT BRANDS REDUCED THE LOWEST DISCOUNT PRICE.

| | 3/11 | | | | | |
|----------|-----------------|----------------------------|---------------|--------------|--------------------------|----------------------------|
| | <u>Marlboro</u> | <u>Lowest Discount</u> | <u>\$ GAP</u> | <u>% GAP</u> | <u>Chg. vs. WAGO</u> | <u>4 WK vs. 4 WAGO</u> |
| NATIONAL | 1.92 | 1.29 | \$0.63 | 48.8% | \$0.01 | \$0.03 |
| R1 | 2.09 | 1.48 | \$0.61 | 41.2% | \$0.01 | \$0.00 |
| R2 | 1.76 | 1.14 | \$0.62 | 54.4% | \$0.02 | \$0.02 |
| R3 | 1.90 | 1.28 | \$0.62 | 48.4% | \$0.02 | \$0.01 |
| R4 | 1.90 | 1.31 | \$0.59 | 45.0% | \$0.00 | \$0.02 |
| R5 | 2.05 | 1.35 | \$0.70 | 51.9% | \$0.01 | \$0.01 |

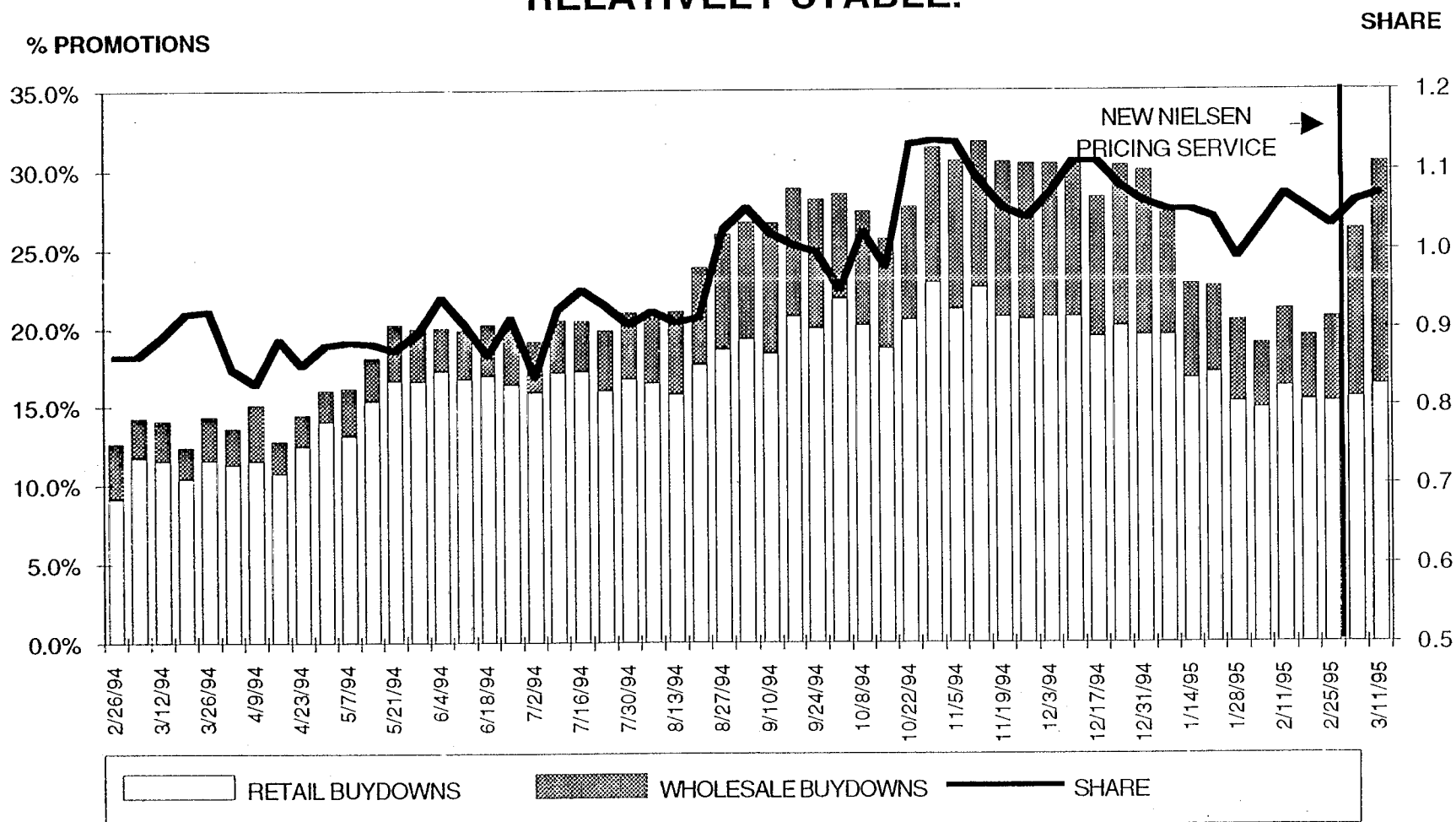
SOURCE: NIELSEN PRICING AUDIT

03

2045857927

3/22/95

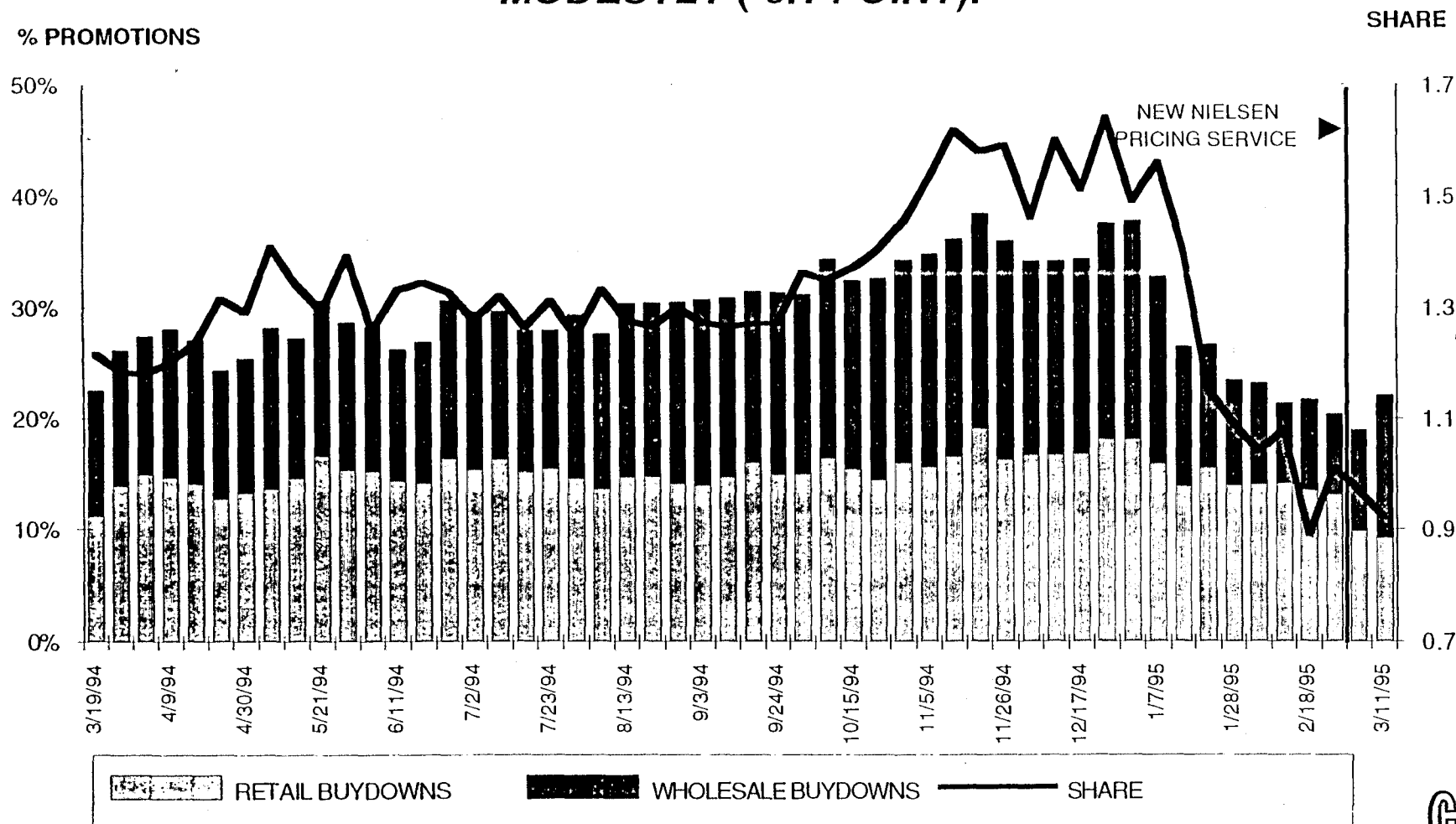
MISTY'S MONEY-OFF PROMOTIONAL SUPPORT INCREASED WEEK TO WEEK WHILE SHARE REMAINED RELATIVELY STABLE.



829675857928

Source: Nielsen Pricing Audit thru 2/25, Nielsen Expanded Pricing 3/4 thru current, Nielsen Integrated MISTY W/R BD Chart 4

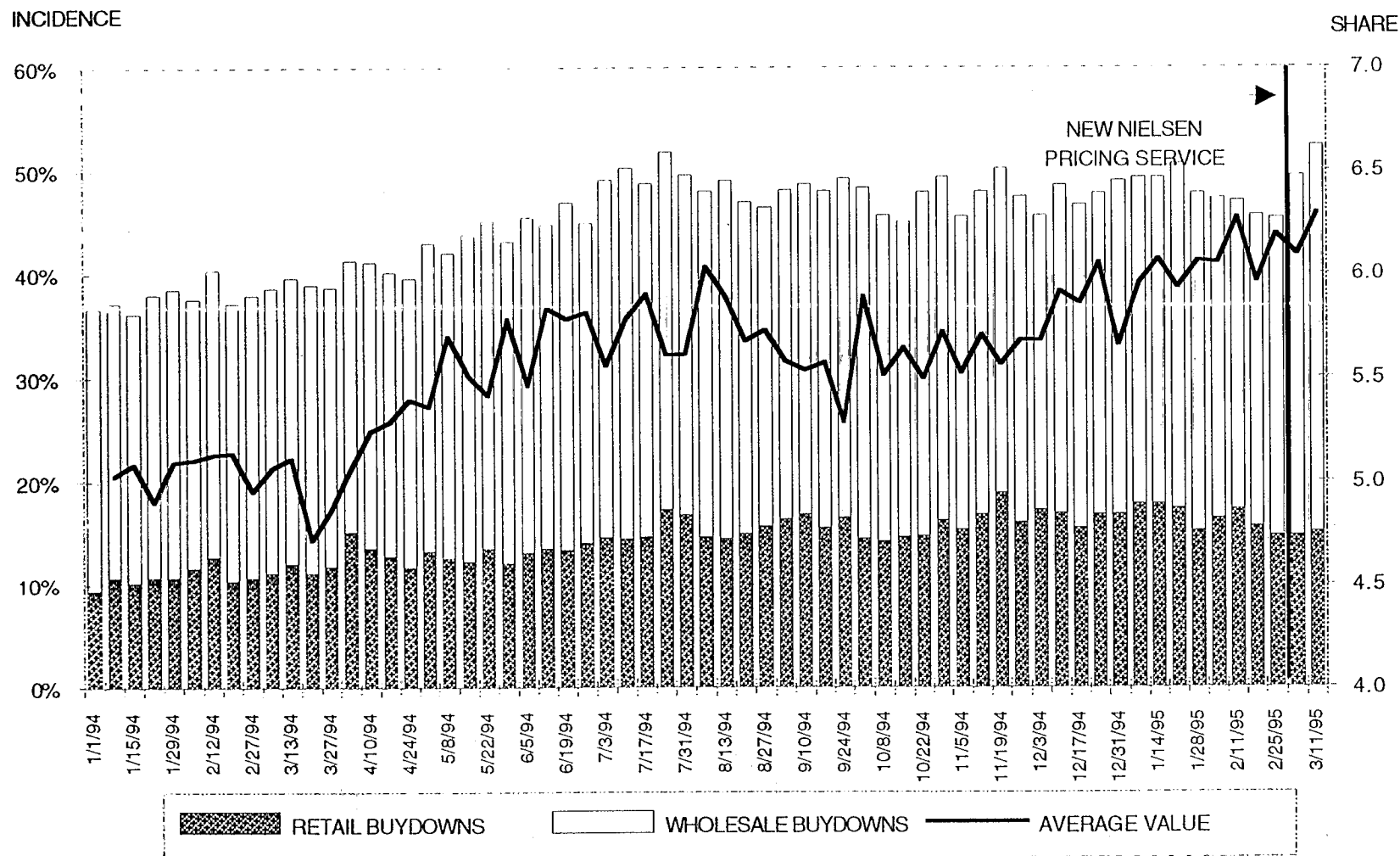
**MONTCLAIR MONEY-OFF PROMOTIONAL SUPPORT
INCREASED +3 POINTS TO 21% WHILE SHARE DECLINED
MODESTLY (-0.1 POINT).**



2045857929

G3

GPC'S MONEY-OFF PROMOTIONAL SUPPORT AND SHARE INCREASED FOR THE WEEK.



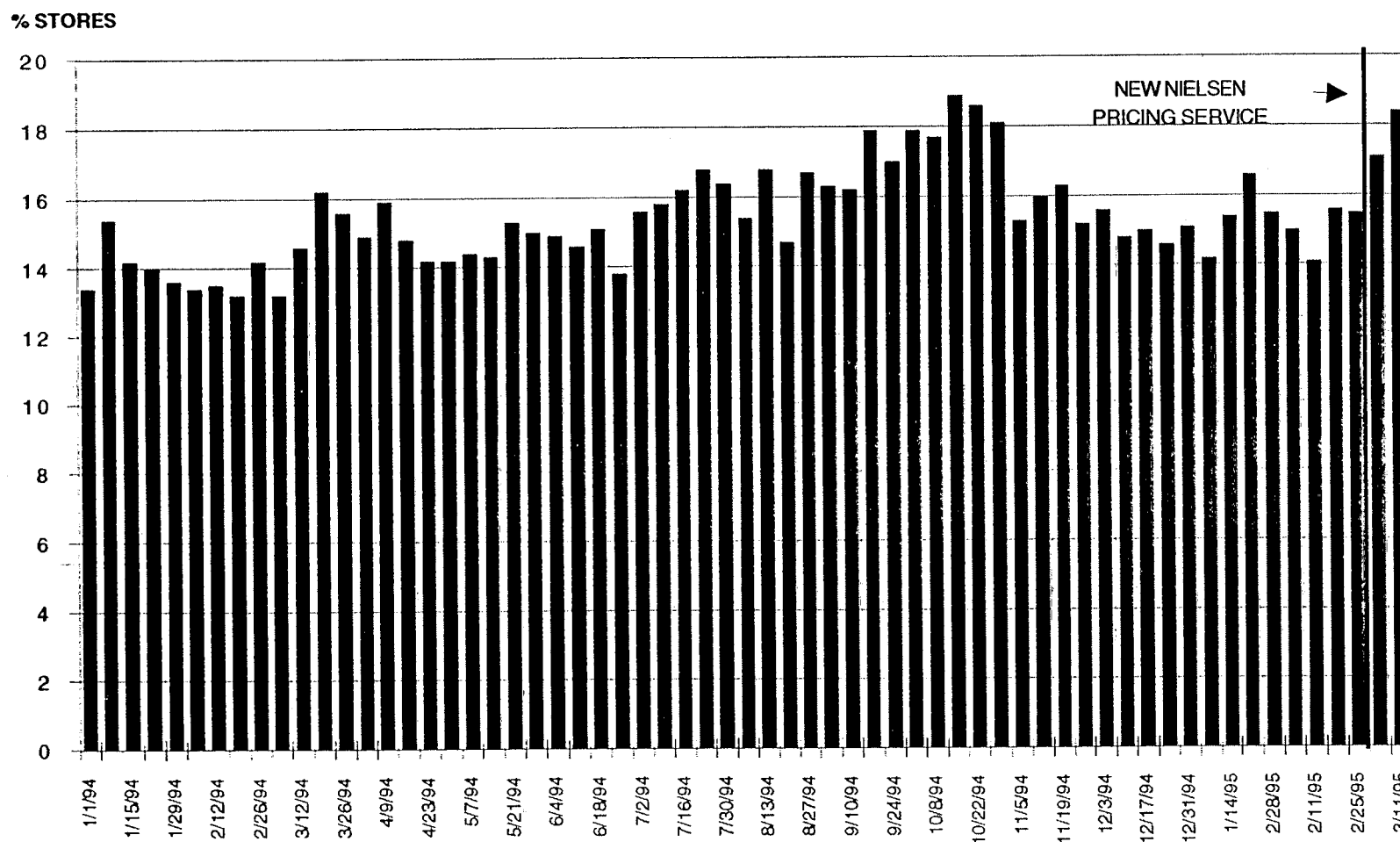
63

2045857930

SOURCE: NIELSEN PRICING AUDIT THRU 2/25, NIELSEN EXPANDED PRICING 3/4 THRU CURRENT

GPC BUYDOWNS W/R Chart 7

≤99¢ INCIDENCE INCREASED TO 18% OF C-STORES.



2045857931

63

SOURCE: NIELSEN PRICING AUDIT THRU 2/25, NIELSEN EXPANDED PRICING SERVICE 3/4 THRU CURRENT.

99¢ 1993-current Chart 1

**≤99¢ INCIDENCE INCREASED +1 POINT TO 18%
VERSUS WEEK-AGO, AS RJR P/L'S, MONARCH AND
DORAL INCREASED INCIDENCE AT THIS PRICE
POINT.**

| | <u>3/11</u> | <u>Change vs.</u> <u>WAGO</u> | <u>4 Wk vs.</u> <u>4 WAGO</u> | <u>Weighted Avg.</u> <u>State Tax</u> |
|---------------------|-------------|----------------------------------|----------------------------------|--|
| NATIONAL | 18.4% | 1.3 | 1.3 | \$0.32 |
| R1 | 3.8% | 0.8 | 0.0 | \$0.45 |
| R2 | 33.5% | 2.6 | 2.8 | \$0.17 |
| R3 | 17.0% | 2.8 | 1.2 | \$0.31 |
| R4 | 20.2% | -1.6 | 0.0 | \$0.34 |
| R5 | 10.2% | 2.3 | 1.9 | \$0.39 |
| COUNTIES | | | | |
| A | 10.5% | 2.0 | 3.2 | N/A |
| B | 17.5% | 1.8 | 3.0 | N/A |
| C | 27.0% | 0.0 | 2.0 | N/A |
| D | 31.8% | -0.4 | 3.5 | N/A |

SOURCE: NIELSEN EXPANDED PRICING

63

2045857932

3/22/95

NIELSEN

2045857933

89

PM'S ALL OUTLET COMBINED PERFORMANCE
WEEKLY INTEGRATED NIELSEN - W/E 3/11/95

| <u>4-WEEK PERFORMANCE ISSUES</u> | <u>LATEST 4 WEEKS</u> | | <u>LATEST WEEK</u> | |
|---|-----------------------|-------------|--------------------|-------------|
| | <u>SHARE%</u> | <u>CHG</u> | <u>SHARE%</u> | <u>CHG</u> |
| PM Growth Slowing due to Promotional Sell-Through | <u>47.3%</u> | <u>-0.1</u> | <u>47.3%</u> | <u>0.0</u> |
| • Marlboro Share Growth Slowing | 30.5 | 0.0 | 30.4 | -0.1 |
| • PM OPB Share Stable | 8.9 | -0.1 | 8.9 | 0.0 |
| • PM Discount Share Stable | 8.0 | 0.0 | 8.1 | 0.1 |
| • Basic SOC Promotionally Related | 15.4 | 0.1 | 15.6 | 0.0 |
| RJR Share Stabilizing | <u>27.5</u> | <u>-0.1</u> | <u>27.3</u> | <u>-0.2</u> |
| • Camel Share Stable | 4.5 | 0.0 | 4.4 | 0.0 |
| • Doral's Gains Promotionally Influenced | 4.9 | 0.2 | 5.0 | 0.0 |
| • Winston Share Stabilizing, as Promotions Sell Through | 5.9 | 0.0 | 5.8 | -0.1 |
| • GPC At Its Highest Level To Date | 5.3 | 0.1 | 5.5 | 0.1 |
| Discount Category On Long Term Decline | <u>29.6</u> | <u>-0.2</u> | <u>29.9</u> | <u>0.3</u> |
| • Partial "First Week Of The Month" Impact Continues | | | | |

2045857934

C3

NIelsen INTEGRATED DATA
(All Outlets Combined)

| <u>COMPANY</u> | <u>PM</u> | <u>RJR</u> | <u>B&W</u> | <u>Lorillard</u> | <u>Liggett</u> |
|----------------------|--------------|---------------|----------------|------------------|----------------|
| Base December 1994 | 46.92 | 27.67 | 16.77 | 6.78 | 1.72 |
| March 11, 1995 (MTD) | <u>47.32</u> | <u>27.42</u> | <u>16.41</u> | <u>6.89</u> | <u>1.75</u> |
| | 0.40 | (0.25) | (0.36) | 0.11 | 0.03 |

| <u>CATEGORY</u> | <u>Premium</u> | <u>Discount</u> | <u>Branded Discount</u> | <u>Private Label</u> |
|----------------------|----------------|-----------------|-------------------------|----------------------|
| Base December 1994 | 69.91 | 30.09 | 23.41 | 6.68 |
| March 11, 1995 (MTD) | <u>70.28</u> | <u>29.72</u> | <u>23.25</u> | <u>6.47</u> |
| | 0.37 | (0.37) | (0.16) | (0.21) |

| <u>MAJOR BRANDS</u> | <u>Marlboro</u> | <u>PM OPB</u> | <u>Winston</u> | <u>Select</u> | <u>Camel</u> |
|----------------------|-----------------|---------------|----------------|---------------|--------------|
| Base December 1994 | 29.97 | 8.95 | 5.81 | 1.07 | 4.35 |
| March 11, 1995 (MTD) | <u>30.43</u> | <u>8.84</u> | <u>5.84</u> | <u>1.13</u> | <u>4.44</u> |
| | 0.46 | (0.11) | 0.03 | 0.06 | 0.09 |

| <u>MAJOR BRANDS</u> | <u>Newport</u> | <u>Kool</u> | <u>Salem</u> | <u>Vantage</u> | <u>Now</u> |
|----------------------|----------------|---------------|---------------|----------------|---------------|
| Base December 1994 | 4.11 | 3.15 | 3.92 | 1.35 | 0.61 |
| March 11, 1995 (MTD) | <u>4.20</u> | <u>3.07</u> | <u>3.85</u> | <u>1.31</u> | <u>0.60</u> |
| | 0.09 | (0.08) | (0.07) | (0.04) | (0.01) |

| <u>BRANDED DISCOUNTS</u> | <u>Basic</u> | <u>Cambridge</u> | <u>Alpine</u> | <u>Doral</u> | <u>Misty</u> | <u>Montclair</u> | <u>Monarch</u> | <u>Best Value</u> | <u>GPC</u> |
|--------------------------|--------------|------------------|---------------|--------------|--------------|------------------|----------------|-------------------|-------------|
| Base December 1994 | 4.47 | 1.75 | 0.36 | 4.76 | 1.21 | 1.38 | 1.45 | 0.68 | 5.07 |
| March 11, 1995 (MTD) | <u>4.62</u> | <u>1.68</u> | <u>0.35</u> | <u>4.99</u> | <u>1.23</u> | <u>0.94</u> | <u>1.22</u> | <u>0.59</u> | <u>5.41</u> |
| | 0.15 | (0.07) | (0.01) | 0.23 | 0.02 | (0.44) | (0.23) | (0.09) | 0.34 |

| <u>PRIVATE LABEL</u> | <u>PM</u> | <u>RJR</u> | <u>Liggett</u> | <u>B & W</u> |
|----------------------|---------------|---------------|----------------|------------------|
| Base December 1994 | 1.17 | 3.70 | 1.04 | 0.76 |
| March 11, 1995 (MTD) | <u>1.15</u> | <u>3.59</u> | <u>1.03</u> | <u>0.70</u> |
| | (0.02) | (0.11) | (0.01) | (0.06) |

Note: B & W and American are being reported as a combined company as of 1995 with all brands from both companies included.
Back data reflects the combined performance of the companies.

Source: Nielsen Integrated Panel.

Note: Effective 10/94, in the Integrated Nielsen Panel, Premium plus Discount does equal Total.

03

2045857935

NIELSEN INTEGRATED DATA
(All Outlets Combined)

| <u>COMPANY</u> | <u>PM</u> | <u>RJR</u> | <u>B&W</u> | <u>Lorillard</u> | <u>Liggett</u> |
|-----------------------|--------------|---------------|----------------|------------------|----------------|
| Base 4th Quarter 1994 | 46.37 | 28.33 | 16.61 | 6.76 | 1.81 |
| March 11, 1995 (QTD) | <u>47.42</u> | <u>27.44</u> | <u>16.39</u> | <u>6.83</u> | <u>1.76</u> |
| | 1.05 | (0.89) | (0.22) | 0.07 | (0.05) |

| <u>CATEGORY</u> | <u>Premium</u> | <u>Discount</u> | <u>Branded Discount</u> | <u>Private Label</u> |
|-----------------------|----------------|-----------------|-------------------------|----------------------|
| Base 4th Quarter 1994 | 69.46 | 30.54 | 23.78 | 6.75 |
| March 11, 1995 (QTD) | <u>70.27</u> | <u>29.73</u> | <u>23.07</u> | <u>6.67</u> |
| | 0.81 | (0.81) | (0.71) | (0.08) |

| <u>MAJOR BRANDS</u> | <u>Marlboro</u> | <u>PM OPB</u> | <u>Winston</u> | <u>Select</u> | <u>Camel</u> |
|-----------------------|-----------------|---------------|----------------|---------------|--------------|
| Base 4th Quarter 1994 | 29.43 | 8.87 | 5.95 | 1.15 | 4.39 |
| March 11, 1995 (QTD) | <u>30.51</u> | <u>8.92</u> | <u>5.83</u> | <u>1.09</u> | <u>4.44</u> |
| | 1.08 | 0.05 | (0.12) | (0.06) | 0.05 |

| <u>MAJOR BRANDS</u> | <u>Newport</u> | <u>Kool</u> | <u>Salem</u> | <u>Vantage</u> | <u>Now</u> |
|-----------------------|----------------|---------------|---------------|----------------|---------------|
| Base 4th Quarter 1994 | 4.09 | 3.14 | 3.91 | 1.36 | 0.61 |
| March 11, 1995 (QTD) | <u>4.15</u> | <u>3.03</u> | <u>3.85</u> | <u>1.31</u> | <u>0.60</u> |
| | 0.06 | (0.11) | (0.06) | (0.05) | (0.01) |

| <u>BRANDED DISCOUNTS</u> | <u>Basic</u> | <u>Cambridge</u> | <u>Alpine</u> | <u>Doral</u> | <u>Misty</u> | <u>Montclair</u> | <u>Monarch</u> | <u>Best Value</u> | <u>GPC</u> |
|--------------------------|--------------|------------------|---------------|---------------|---------------|------------------|----------------|-------------------|-------------|
| Base 4th Quarter 1994 | 4.48 | 1.72 | 0.38 | 4.99 | 1.20 | 1.35 | 1.60 | 0.76 | 4.99 |
| March 11, 1995 (QTD) | <u>4.54</u> | <u>1.68</u> | <u>0.36</u> | <u>4.80</u> | <u>1.19</u> | <u>1.06</u> | <u>1.30</u> | <u>0.63</u> | <u>5.29</u> |
| | 0.06 | (0.04) | (0.02) | (0.19) | (0.01) | (0.29) | (0.30) | (0.13) | 0.30 |

| <u>PRIVATE LABEL</u> | <u>PM</u> | <u>RJR</u> | <u>Liggett</u> | <u>B & W</u> |
|-----------------------|---------------|-------------|----------------|------------------|
| Base 4th Quarter 1994 | 1.23 | 3.70 | 1.12 | 0.70 |
| March 11, 1995 (QTD) | <u>1.16</u> | <u>3.71</u> | <u>1.04</u> | <u>0.76</u> |
| | (0.07) | 0.01 | (0.08) | 0.06 |

Note: B & W and American are being reported as a combined company as of 1995 with all brands from both companies included.
Back data reflects the combined performance of the companies.

204585702

Source: Nielsen Integrated Panel.

Note: Effective 10/94, in the Integrated Nielsen Panel, Premium plus Discount does equal Total.

63

NIELSEN INTEGRATED DATA
(All Outlets Combined)

| <u>COMPANY</u> | <u>PM</u> | <u>RJR</u> | <u>B&W</u> | <u>Lorillard</u> | <u>Liggett</u> |
|----------------------|--------------|---------------|----------------|------------------|----------------|
| Base Full Year 1994 | 46.16 | 28.89 | 16.48 | 6.46 | 1.87 |
| March 11, 1995 (YTD) | <u>47.42</u> | <u>27.44</u> | <u>16.39</u> | <u>6.83</u> | <u>1.76</u> |
| | 1.26 | (1.45) | (0.09) | 0.37 | (0.11) |

| <u>CATEGORY</u> | <u>Premium</u> | <u>Discount</u> | <u>Branded Discount</u> | <u>Private Label</u> |
|----------------------|----------------|-----------------|-------------------------|----------------------|
| Base Full Year 1994 | 68.43 | 31.49 | 24.29 | 7.20 |
| March 11, 1995 (YTD) | <u>70.27</u> | <u>29.73</u> | <u>23.07</u> | <u>6.67</u> |
| | 1.84 | (1.76) | (1.22) | (0.53) |

| <u>MAJOR BRANDS</u> | <u>Marlboro</u> | <u>PM OPB</u> | <u>Winston</u> | <u>Select</u> | <u>Camel</u> |
|----------------------|-----------------|---------------|----------------|---------------|--------------|
| Base Full Year 1994 | 28.57 | 8.95 | 6.00 | 1.07 | 4.35 |
| March 11, 1995 (YTD) | <u>30.51</u> | <u>8.92</u> | <u>5.83</u> | <u>1.09</u> | <u>4.44</u> |
| | 1.94 | (0.03) | (0.17) | 0.02 | 0.09 |

| <u>MAJOR BRANDS</u> | <u>Newport</u> | <u>Kool</u> | <u>Salem</u> | <u>Vantage</u> | <u>Now</u> |
|----------------------|----------------|---------------|---------------|----------------|---------------|
| Base Full Year 1994 | 3.94 | 3.12 | 3.92 | 1.39 | 0.63 |
| March 11, 1995 (YTD) | <u>4.15</u> | <u>3.03</u> | <u>3.85</u> | <u>1.31</u> | <u>0.60</u> |
| | 0.21 | (0.09) | (0.07) | (0.08) | (0.03) |

| <u>BRANDED DISCOUNTS</u> | <u>Basic</u> | <u>Cambridge</u> | <u>Alpine</u> | <u>Doral</u> | <u>Misty</u> | <u>Montclair</u> | <u>Monarch</u> | <u>Best Value</u> | <u>GPC</u> |
|--------------------------|---------------|------------------|---------------|--------------|--------------|------------------|----------------|-------------------|-------------|
| Base Full Year 1994 | 4.56 | 1.80 | 0.40 | 4.72 | 1.09 | 1.21 | 1.89 | 1.00 | 4.83 |
| March 11, 1995 (YTD) | <u>4.54</u> | <u>1.68</u> | <u>0.36</u> | <u>4.80</u> | <u>1.19</u> | <u>1.06</u> | <u>1.30</u> | <u>0.63</u> | <u>5.29</u> |
| | (0.02) | (0.12) | (0.04) | 0.08 | 0.10 | (0.15) | (0.59) | (0.37) | 0.46 |

| <u>PRIVATE LABEL</u> | <u>PM</u> | <u>RJR</u> | <u>Liggett</u> | <u>B & W</u> |
|----------------------|---------------|---------------|----------------|------------------|
| Base Full Year 1994 | 1.55 | 3.85 | 1.07 | 0.72 |
| March 11, 1995 (YTD) | <u>1.16</u> | <u>3.71</u> | <u>1.04</u> | <u>0.76</u> |
| | (0.39) | (0.14) | (0.03) | 0.04 |

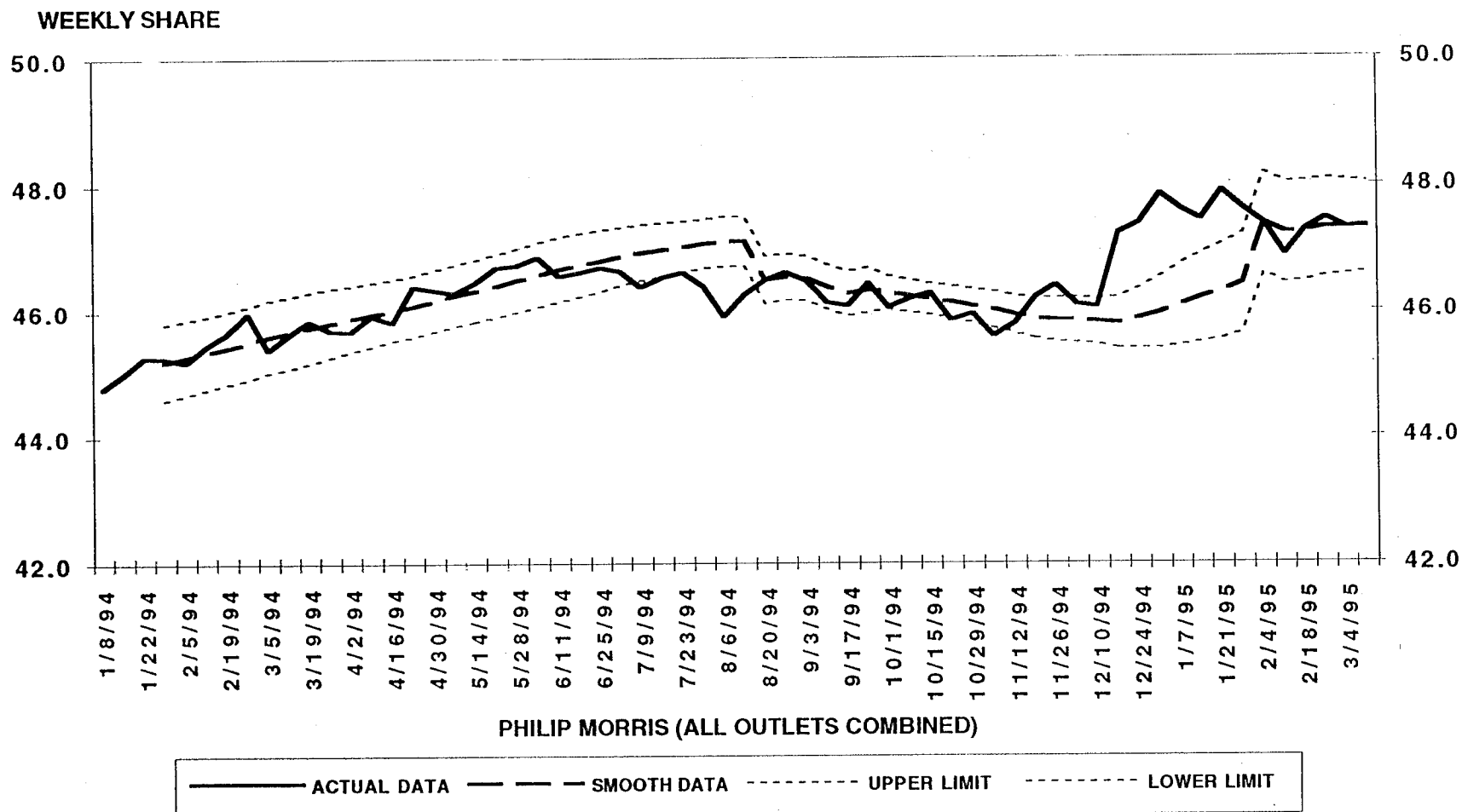
Note: B & W and American are being reported as a combined company as of 1995 with all brands from both companies included.
Back data reflects the combined performance of the companies.

Source: Nielsen Integrated Panel.

Note: Effective 10/94, in the Integrated Nielsen Panel, Premium plus Discount does equal Total.

2045857937

PM'S WEEKLY SHARE REMAINED UNCHANGED AT 47.3%, AS
MARLBORO'S LOSS WAS OFFSET BY A MODERATE PM DISCOUNT GAIN.
FOUR-WEEK SHARE WAS DOWN -0.1 POINT.

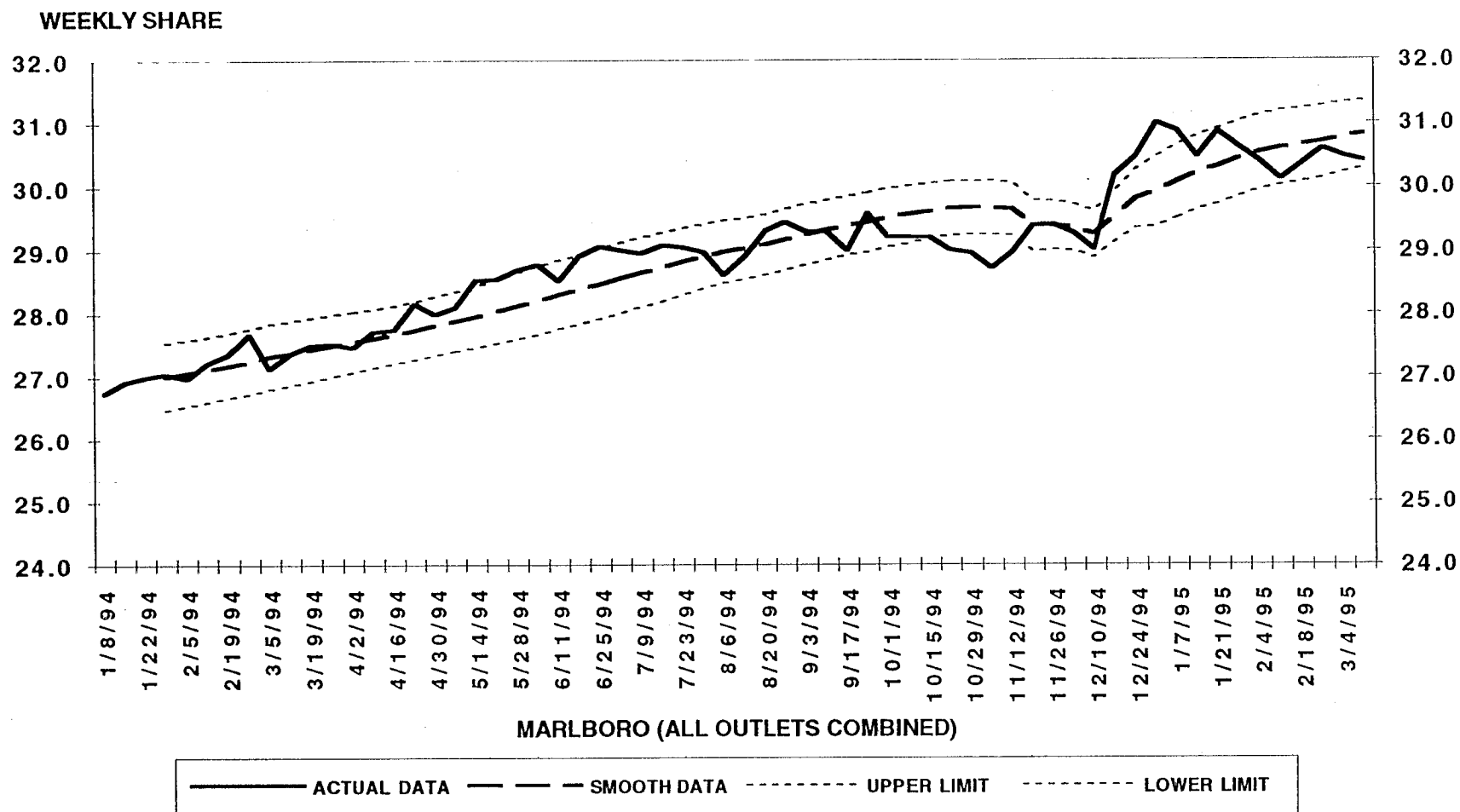


Source: Nielsen Integrated Panel

2045857938

C3

MARLBORO'S SHARE DECLINED -0.1 POINT THIS WEEK TO 30.4%, WITH C-STORE LOSSES PARTIALLY OFFSET BY GAINS IN DRUG STORES AND MASS MERCHANDISER OUTLETS. FOUR-WEEK SHARE WAS STABLE.

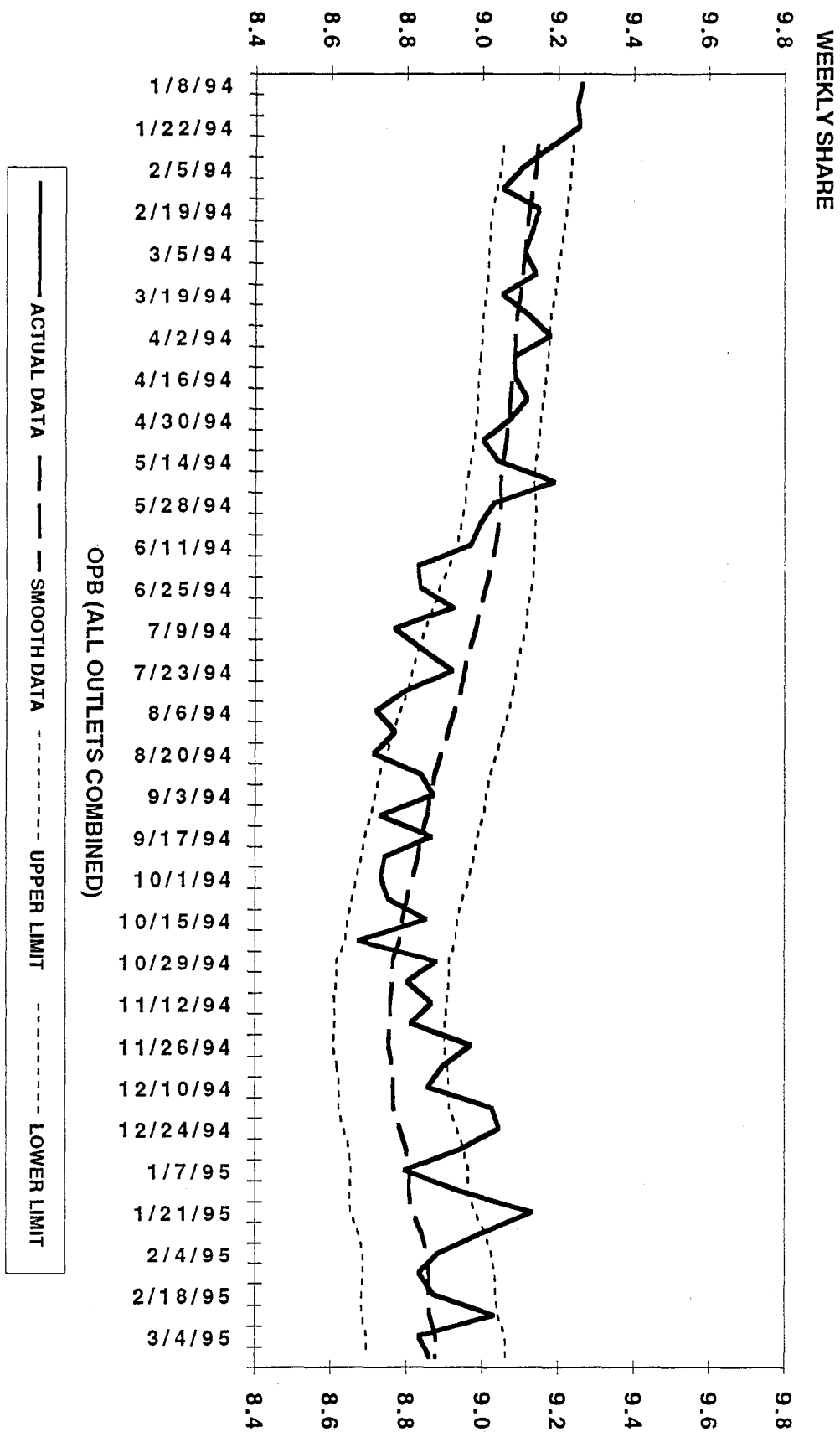


Source: Nielsen Integrated Panel

C3

2045857939

OPB'S WEEKLY SHARE WAS STABLE AT 8.9%, WHILE FOUR-WEEK SHARE WAS DOWN -0.1 POINT.

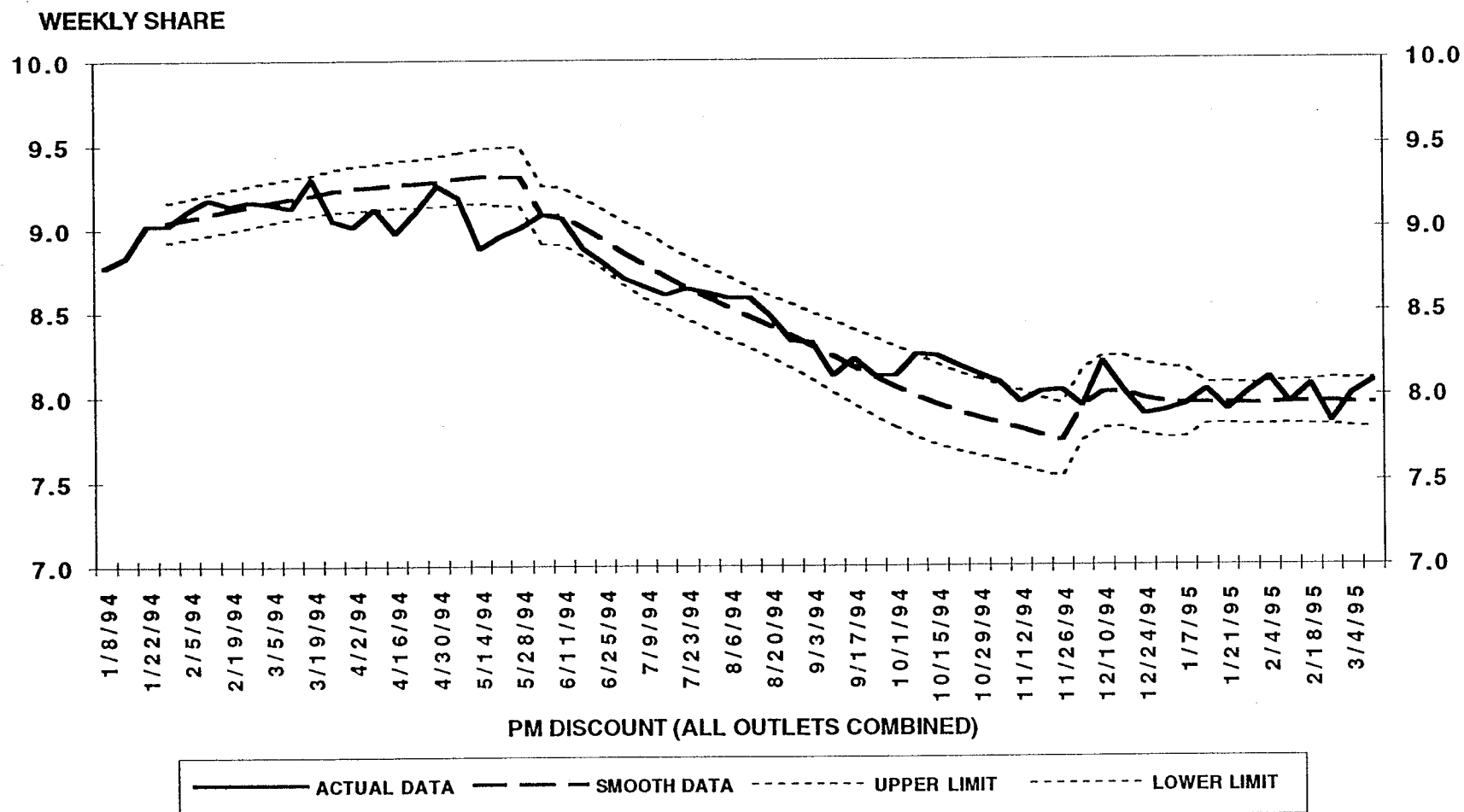


Source: Nielsen Integrated Panel

2045857940

63

PM DISCOUNT'S WEEKLY SHARE ADVANCED +0.1 POINT TO 8.1%,
REFLECTING MODERATE BASIC AND PL GAINS. FOUR-WEEK SHARE WAS
STABLE.



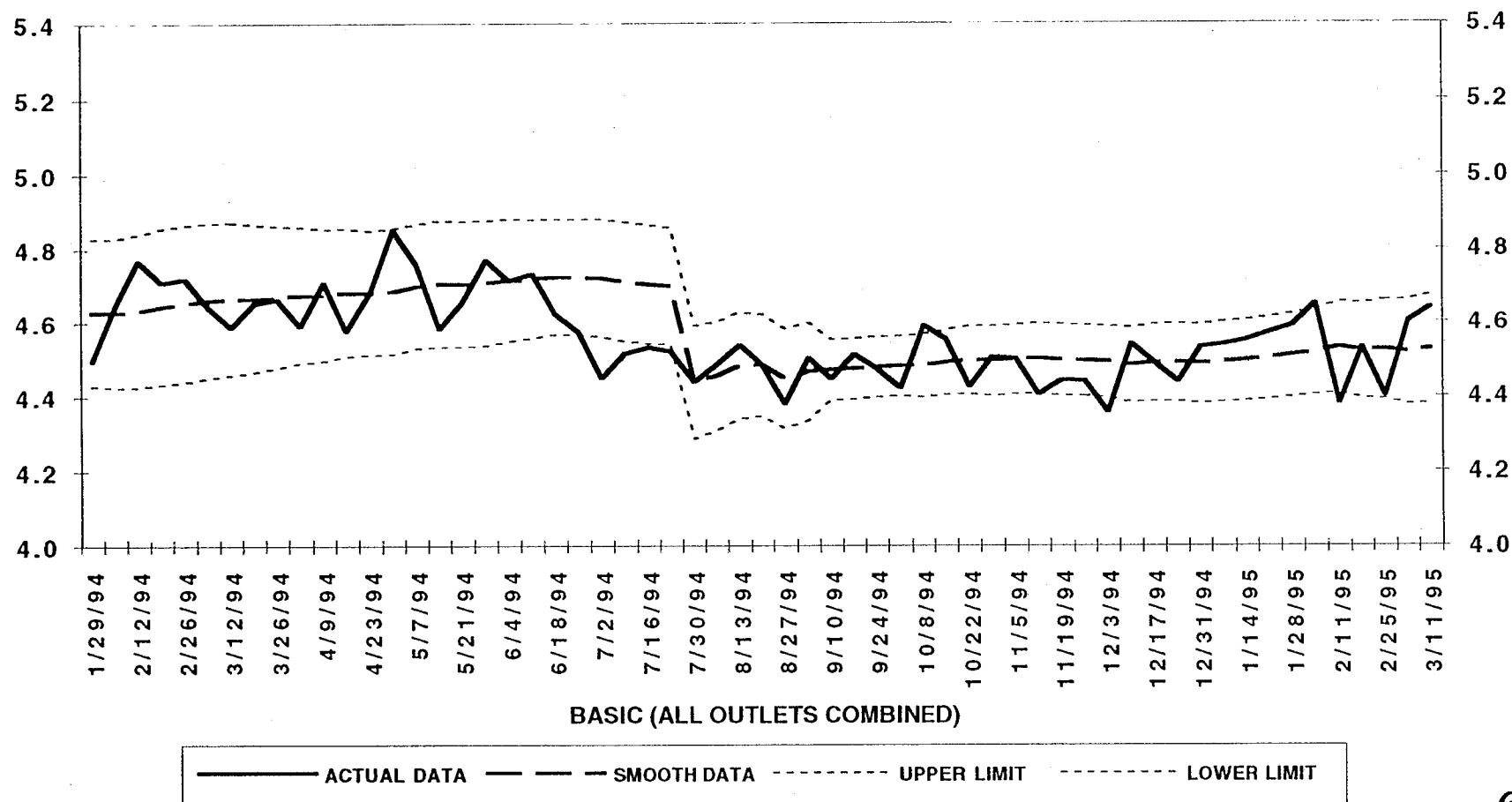
Source: Nielsen Integrated Panel

63

2045857941

BASIC'S WEEKLY AND FOUR-WEEK SHARES WERE STABLE AT 4.6% AND 4.5% RESPECTIVELY. FREE PRODUCT INCIDENCE EXPANDED, WHILE INCENTIVE INCIDENCE DECLINED THIS WEEK.

WEEKLY SHARE



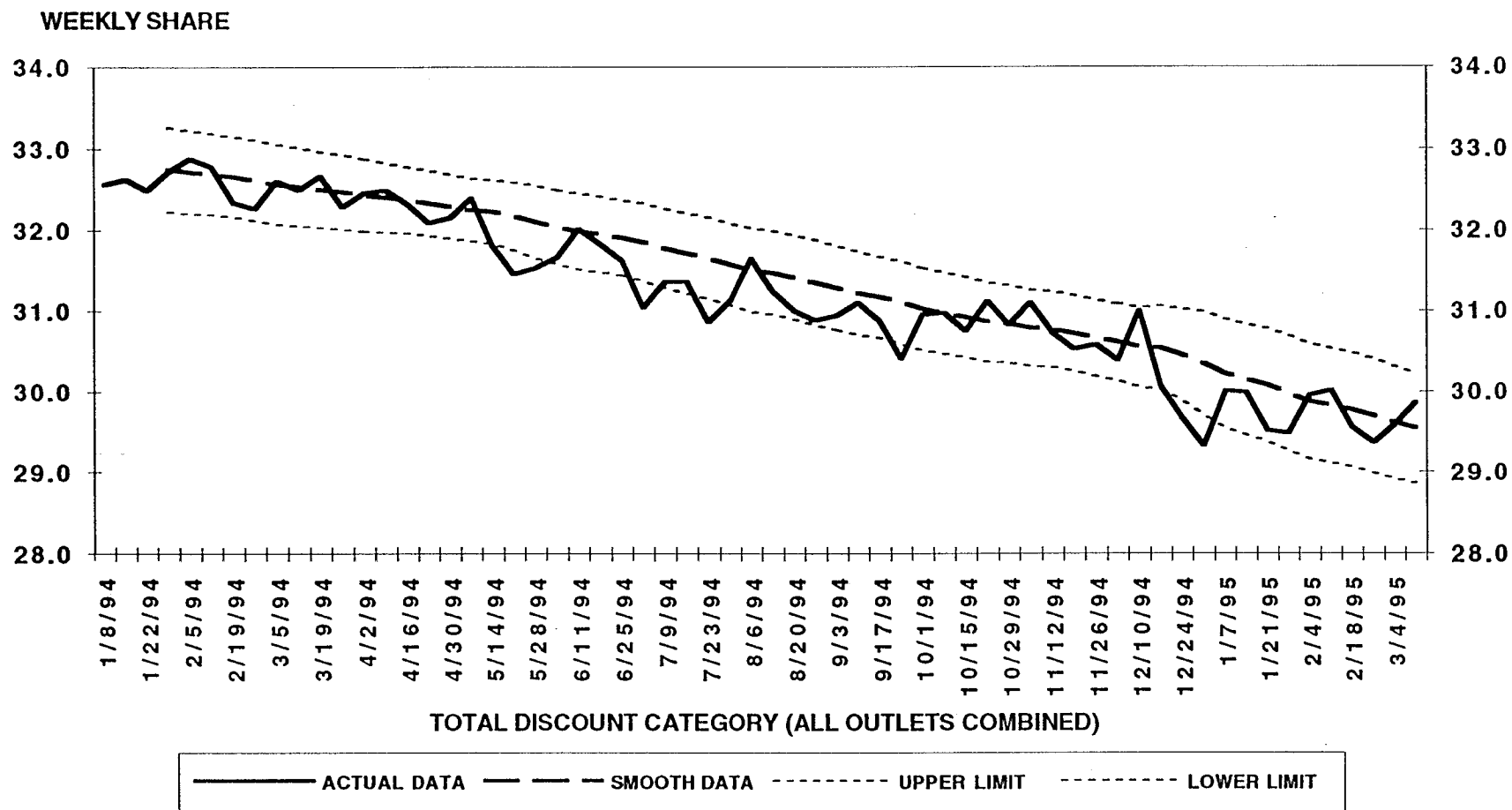
Source: Nielsen Integrated Panel

MARL

63

2045857942

THE DISCOUNT CATEGORY GAIN (+0.3 POINTS TO 29.9%) WAS POSSIBLY A CONTINUED "FIRST WEEK" EFFECT, WITH PLs AND GPC UP. FOUR-WEEK SHARE FELL (-0.2 POINTS) AS GPC AND DORAL ADVANCES PARTIALLY OFFSET MONTCLAIR, RJR PL AND MONARCH DECLINES.



Source: Nielsen Integrated Panel

C3

2045857943

NIELSEN
C-STORE

89

2045857944

PM'S PERFORMANCE IN C-STORES
WEEKLY C-STORE AUDITS - W/E 3/11/95

| <u>4-WEEK PERFORMANCE ISSUES</u> | <u>LATEST 4 WEEKS</u> | | <u>LATEST WEEK</u> | |
|---|------------------------------|-------------------|---------------------------|-------------------|
| | <u>SHARE%</u> | <u>CHG</u> | <u>SHARE%</u> | <u>CHG</u> |
| PM Growth Slowing due to Promotional Sell-Through | <u>48.6%</u> | <u>0.1</u> | <u>48.6%</u> | <u>0.0</u> |
| • Marlboro Share Growth Slowing | 33.2 | 0.2 | 33.1 | -0.2 |
| • PM OPB Share Stable | 7.6 | 0.0 | 7.6 | 0.0 |
| • PM Discount Share Decline Moderating | 7.8 | -0.1 | 7.9 | 0.2 |
| • Basic SOC Promotionally Related | 15.7 | -0.1 | 16.0 | 0.1 |
| RJR Share Stabilizing | <u>26.8</u> | <u>-0.2</u> | <u>26.7</u> | <u>-0.2</u> |
| • Camel Share Stabilizing | 5.0 | -0.1 | 4.9 | -0.1 |
| • Doral's Gains Promotionally Influenced | 4.7 | 0.2 | 4.8 | 0.0 |
| • Winston Share Stabilizing, as Promotions Sell Through | 5.5 | 0.0 | 5.4 | -0.1 |
| • GPC At Its Highest Level to Date | 6.1 | 0.0 | 6.3 | 0.2 |
| Discount Category On Long Term Decline | <u>30.4</u> | <u>-0.3</u> | <u>30.7</u> | <u>0.5</u> |
| • Partial "First Week of The Month" Impact Continues | | | | |

2045857945

C3

NIELSEN WEEKLY C-STORE DATA
(800 C-Stores)

| <u>COMPANY</u> | <u>PM</u> | <u>RJR</u> | <u>B&W</u> | <u>Lorillard</u> | <u>Liggett</u> |
|----------------------|--------------|---------------|----------------|------------------|----------------|
| Base December 1994 | 47.95 | 27.03 | 16.62 | 6.93 | 1.42 |
| March 11, 1995 (MTD) | <u>48.61</u> | <u>26.82</u> | <u>16.10</u> | <u>7.01</u> | <u>1.36</u> |
| | 0.66 | (0.21) | (0.52) | 0.08 | (0.06) |

| <u>CATEGORY</u> | <u>Premium</u> | <u>Discount</u> | <u>Branded Discount</u> | <u>Private Label</u> |
|----------------------|----------------|-----------------|-------------------------|----------------------|
| Base December 1994 | 68.76 | 31.24 | 23.46 | 7.77 |
| March 11, 1995 (MTD) | <u>69.59</u> | <u>30.41</u> | <u>22.97</u> | <u>7.44</u> |
| | 0.83 | (0.83) | (0.49) | (0.33) |

| <u>MAJOR BRANDS</u> | <u>Marlboro</u> | <u>PM OPB</u> | <u>Winston</u> | <u>Select</u> | <u>Camel</u> |
|----------------------|-----------------|---------------|----------------|---------------|--------------|
| Base December 1994 | 32.49 | 7.59 | 5.39 | 1.14 | 4.82 |
| March 11, 1995 (MTD) | <u>33.18</u> | <u>7.60</u> | <u>5.45</u> | <u>1.27</u> | <u>4.95</u> |
| | 0.69 | 0.01 | 0.06 | 0.13 | 0.13 |

| <u>MAJOR BRANDS</u> | <u>Newport</u> | <u>Kool</u> | <u>Salem</u> | <u>Vantage</u> | <u>Now</u> |
|----------------------|----------------|---------------|---------------|----------------|-------------|
| Base December 1994 | 4.75 | 3.27 | 3.35 | 1.13 | 0.38 |
| March 11, 1995 (MTD) | <u>4.84</u> | <u>3.24</u> | <u>3.34</u> | <u>1.11</u> | <u>0.38</u> |
| | 0.09 | (0.03) | (0.01) | (0.02) | 0.00 |

| <u>BRANDED DISCOUNTS</u> | <u>Basic</u> | <u>Cambridge</u> | <u>Alpine</u> | <u>Doral</u> | <u>Misty</u> | <u>Montclair</u> | <u>Monarch</u> | <u>Best Value</u> | <u>GPC</u> |
|--------------------------|--------------|------------------|---------------|--------------|---------------|------------------|----------------|-------------------|-------------|
| Base December 1994 | 4.73 | 1.29 | 0.27 | 4.47 | 1.09 | 1.54 | 1.90 | 0.48 | 5.83 |
| March 11, 1995 (MTD) | <u>4.84</u> | <u>1.17</u> | <u>0.26</u> | <u>4.75</u> | <u>1.07</u> | <u>0.95</u> | <u>1.56</u> | <u>0.43</u> | <u>6.19</u> |
| | 0.11 | (0.12) | (0.01) | 0.28 | (0.02) | (0.59) | (0.34) | (0.05) | 0.36 |

| <u>PRIVATE LABEL</u> | <u>PM</u> | <u>RJR</u> | <u>Liggett</u> | <u>B & W</u> |
|----------------------|-------------|---------------|----------------|------------------|
| Base December 1994 | 1.33 | 4.36 | 1.08 | 1.00 |
| March 11, 1995 (MTD) | <u>1.34</u> | <u>4.17</u> | <u>1.04</u> | <u>0.88</u> |
| | 0.01 | (0.19) | (0.04) | (0.12) |

Note: B & W and American are being reported as a combined company as of 1995 with all brands from both companies included.
Back data reflects the combined performance of the companies.

Source: Nielsen Integrated Panel.

Note: Effective 10/94, in the Integrated Nielsen Panel, Premium plus Discount does equal Total.

2045857946

NIELSEN WEEKLY C-STORE DATA
(800 C-Stores)

| <u>COMPANY</u> | <u>PM</u> | <u>RJR</u> | <u>B&W</u> | <u>Lorillard</u> | <u>Liggett</u> |
|-----------------------|--------------|--------------|----------------|------------------|----------------|
| Base 4th Quarter 1994 | 47.48 | 27.70 | 16.34 | 6.86 | 1.55 |
| March 11, 1995 (QTD) | <u>48.54</u> | <u>26.87</u> | <u>16.15</u> | <u>6.96</u> | <u>1.41</u> |
| | 1.06 | (0.83) | (0.19) | 0.10 | (0.14) |

| <u>CATEGORY</u> | <u>Premium</u> | <u>Discount</u> | <u>Branded Discount</u> | <u>Private Label</u> |
|-----------------------|----------------|-----------------|-------------------------|----------------------|
| Base 4th Quarter 1994 | 68.46 | 31.54 | 23.67 | 7.86 |
| March 11, 1995 (QTD) | <u>69.37</u> | <u>30.63</u> | <u>22.90</u> | <u>7.73</u> |
| | 0.91 | (0.91) | (0.77) | (0.13) |

| <u>MAJOR BRANDS</u> | <u>Marlboro</u> | <u>PM OPB</u> | <u>Winston</u> | <u>Select</u> | <u>Camel</u> |
|-----------------------|-----------------|---------------|----------------|---------------|--------------|
| Base 4th Quarter 1994 | 32.02 | 7.59 | 5.54 | 1.23 | 4.86 |
| March 11, 1995 (QTD) | <u>33.03</u> | <u>7.65</u> | <u>5.45</u> | <u>1.21</u> | <u>4.96</u> |
| | 1.01 | 0.06 | (0.09) | (0.02) | 0.10 |

| <u>MAJOR BRANDS</u> | <u>Newport</u> | <u>Kool</u> | <u>Salem</u> | <u>Vantage</u> | <u>Now</u> |
|-----------------------|----------------|-------------|--------------|----------------|-------------|
| Base 4th Quarter 1994 | 4.71 | 3.26 | 3.35 | 1.13 | 0.37 |
| March 11, 1995 (QTD) | <u>4.80</u> | <u>3.17</u> | <u>3.34</u> | <u>1.09</u> | <u>0.38</u> |
| | 0.09 | (0.09) | (0.01) | (0.04) | 0.01 |

| <u>BRANDED DISCOUNTS</u> | <u>Basic</u> | <u>Cambridge</u> | <u>Alpine</u> | <u>Doral</u> | <u>Misty</u> | <u>Montclair</u> | <u>Monarch</u> | <u>Best Value</u> | <u>GPC</u> |
|--------------------------|--------------|------------------|---------------|--------------|--------------|------------------|----------------|-------------------|-------------|
| Base 4th Quarter 1994 | 4.70 | 1.25 | 0.28 | 4.67 | 1.08 | 1.51 | 2.09 | 0.50 | 5.69 |
| March 11, 1995 (QTD) | <u>4.79</u> | <u>1.18</u> | <u>0.27</u> | <u>4.51</u> | <u>1.04</u> | <u>1.11</u> | <u>1.67</u> | <u>0.45</u> | <u>6.09</u> |
| | 0.09 | (0.07) | (0.01) | (0.16) | (0.04) | (0.40) | (0.42) | (0.05) | 0.40 |

| <u>PRIVATE LABEL</u> | <u>PM</u> | <u>RJR</u> | <u>Liggett</u> | <u>B & W</u> |
|-----------------------|-------------|-------------|----------------|------------------|
| Base 4th Quarter 1994 | 1.40 | 4.39 | 1.19 | 0.89 |
| March 11, 1995 (QTD) | <u>1.36</u> | <u>4.31</u> | <u>1.07</u> | <u>0.98</u> |
| | (0.04) | (0.08) | (0.12) | 0.09 |

Note: B & W and American are being reported as a combined company as of 1995 with all brands from both companies included.
Back data reflects the combined performance of the companies.

2045857947

Source: Nielsen Integrated Panel.

Note: Effective 10/94, in the Integrated Nielsen Panel, Premium plus Discount does equal Total.

C3

NIELSEN WEEKLY C-STORE DATA
(800 C-Stores)

| <u>COMPANY</u> | <u>PM</u> | <u>RJR</u> | <u>B&W</u> | <u>Lorillard</u> | <u>Liggett</u> |
|----------------------|--------------|---------------|----------------|------------------|----------------|
| Base Full Year 1994 | 47.82 | 28.09 | 16.05 | 6.50 | 1.48 |
| March 11, 1995 (YTD) | <u>48.54</u> | <u>26.87</u> | <u>16.15</u> | <u>6.96</u> | <u>1.41</u> |
| | 0.72 | (1.22) | 0.10 | 0.46 | (0.07) |

| <u>CATEGORY</u> | <u>Premium</u> | <u>Discount</u> | <u>Branded Discount</u> | <u>Private Label</u> |
|----------------------|----------------|-----------------|-------------------------|----------------------|
| Base Full Year 1994 | 67.71 | 32.29 | 23.83 | 8.46 |
| March 11, 1995 (YTD) | <u>69.37</u> | <u>30.63</u> | <u>22.90</u> | <u>7.73</u> |
| | 1.66 | (1.66) | (0.93) | (0.73) |

| <u>MAJOR BRANDS</u> | <u>Marlboro</u> | <u>PM OPB</u> | <u>Winston</u> | <u>Select</u> | <u>Camel</u> |
|----------------------|-----------------|---------------|----------------|---------------|--------------|
| Base Full Year 1994 | 31.49 | 7.71 | 5.57 | 1.19 | 4.83 |
| March 11, 1995 (YTD) | <u>33.03</u> | <u>7.65</u> | <u>5.45</u> | <u>1.21</u> | <u>4.96</u> |
| | 1.54 | (0.06) | (0.12) | 0.02 | 0.13 |

| <u>MAJOR BRANDS</u> | <u>Newport</u> | <u>Kool</u> | <u>Salem</u> | <u>Vantage</u> | <u>Now</u> |
|----------------------|----------------|---------------|---------------|----------------|-------------|
| Base Full Year 1994 | 4.59 | 3.24 | 3.40 | 1.16 | 0.38 |
| March 11, 1995 (YTD) | <u>4.80</u> | <u>3.17</u> | <u>3.34</u> | <u>1.09</u> | <u>0.38</u> |
| | 0.21 | (0.07) | (0.06) | (0.07) | 0.00 |

| <u>BRANDED DISCOUNTS</u> | <u>Basic</u> | <u>Cambridge</u> | <u>Alpine</u> | <u>Doral</u> | <u>Misty</u> | <u>Montclair</u> | <u>Monarch</u> | <u>Best Value</u> | <u>GPC</u> |
|--------------------------|---------------|------------------|---------------|--------------|--------------|------------------|----------------|-------------------|-------------|
| Base Full Year 1994 | 4.91 | 1.29 | 0.30 | 4.17 | 0.95 | 1.30 | 2.50 | 0.62 | 5.50 |
| March 11, 1995 (YTD) | <u>4.79</u> | <u>1.18</u> | <u>0.27</u> | <u>4.51</u> | <u>1.04</u> | <u>1.11</u> | <u>1.67</u> | <u>0.45</u> | <u>6.09</u> |
| | (0.12) | (0.11) | (0.03) | 0.34 | 0.09 | (0.19) | (0.83) | (0.17) | 0.59 |

| <u>PRIVATE LABEL</u> | <u>PM</u> | <u>RJR</u> | <u>Liggett</u> | <u>B & W</u> |
|----------------------|---------------|---------------|----------------|------------------|
| Base Full Year 1994 | 1.83 | 4.65 | 1.06 | 0.91 |
| March 11, 1995 (YTD) | <u>1.36</u> | <u>4.31</u> | <u>1.07</u> | <u>0.98</u> |
| | (0.47) | (0.34) | 0.01 | 0.07 |

Note: B & W and American are being reported as a combined company as of 1995 with all brands from both companies included.
Back data reflects the combined performance of the companies.

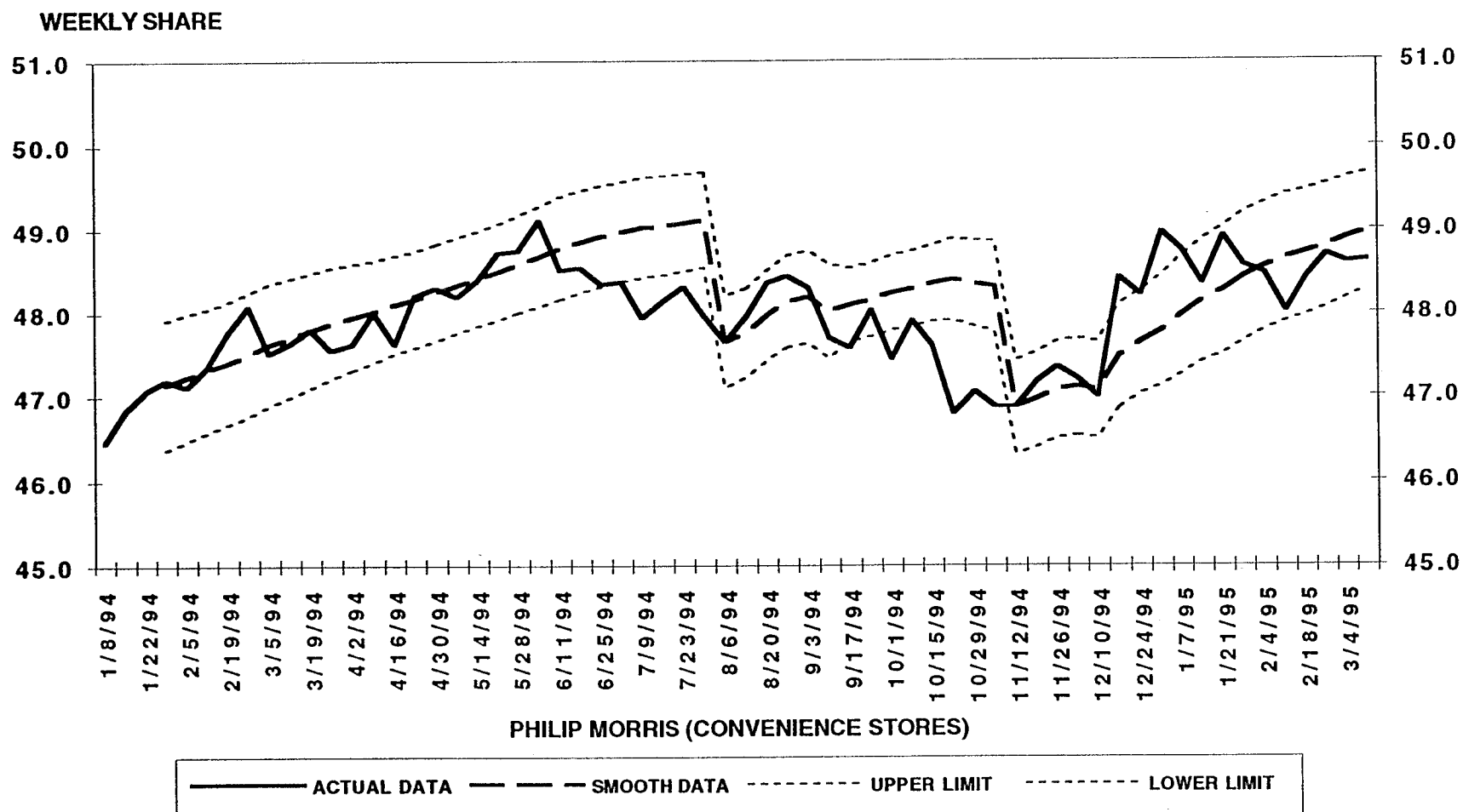
2045857948

Source: Nielsen Integrated Panel.

Note: Effective 10/94, in the Integrated Nielsen Panel, Premium plus Discount does equal Total.

63

PM'S WEEKLY SHARE WAS STABLE AT 48.6%, AS MARLBORO'S DECLINE OFFSET BASIC AND PL GAINS. ON A FOUR-WEEK BASIS, PM'S SHARE WAS UP +0.1 POINT, DRIVEN BY MARLBORO.

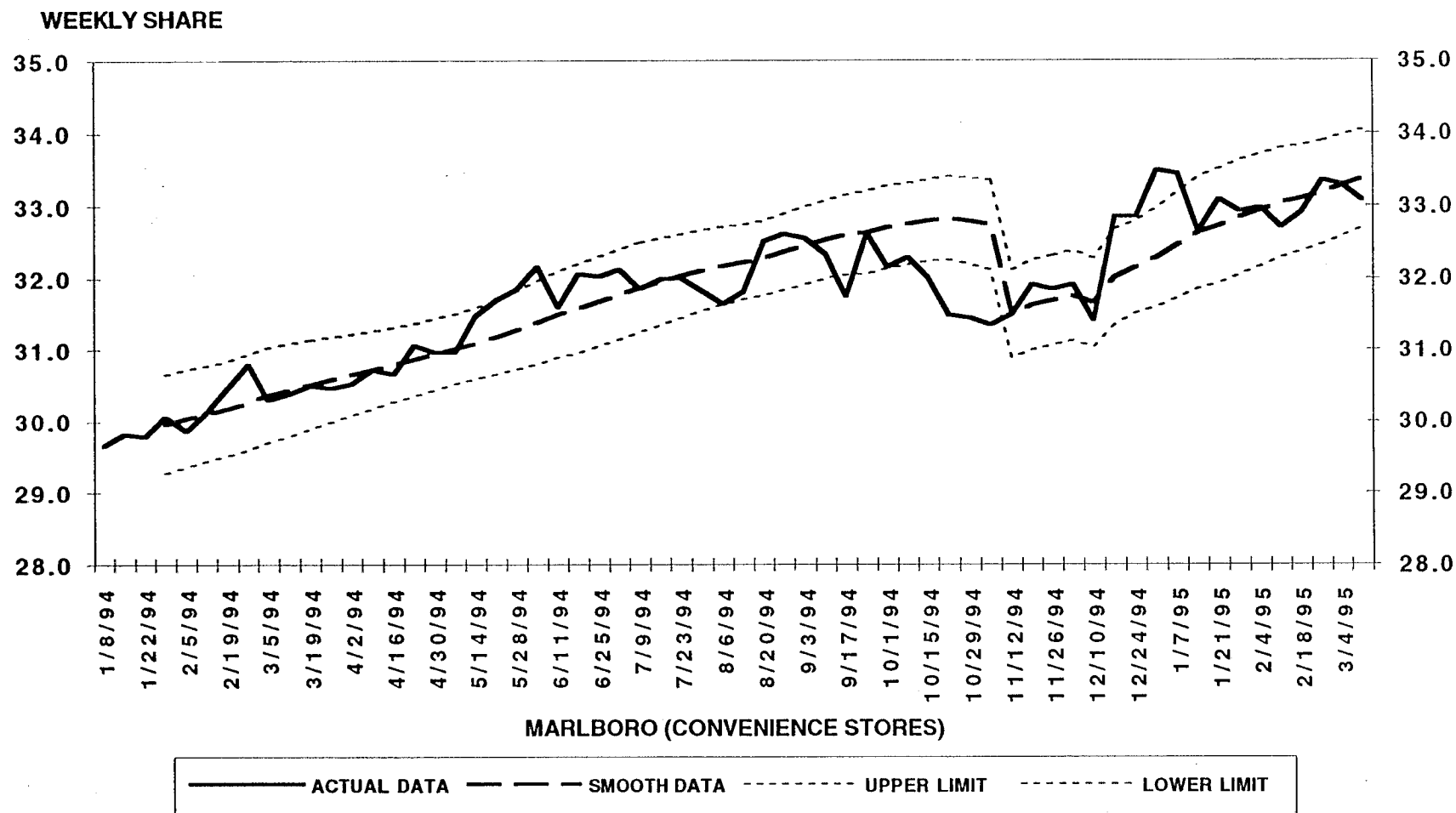


Source: Nielsen Integrated Panel

2045857949

63

MARLBORO'S WEEKLY SHARE DECLINED -0.2 POINTS TO 33.1%, AS INCENTIVE INCIDENCE CONTINUED TO DECLINE. FOUR-WEEK SHARE WAS UP +0.2 POINTS TO 33.2%.

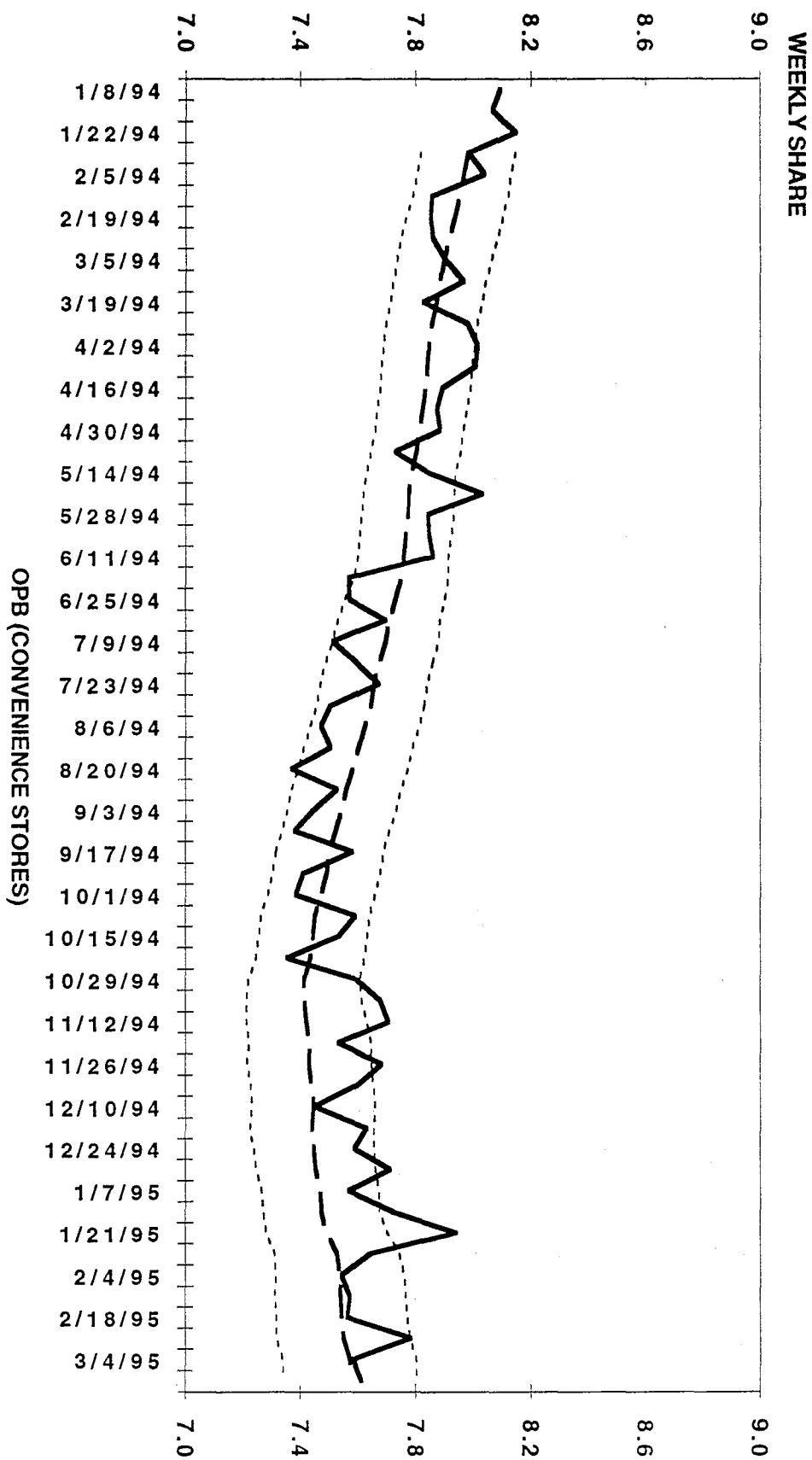


Source: Nielsen Integrated Panel

2045857950

C3

OPB'S WEEKLY AND FOUR-WEEK SHARES WERE STABLE AT 7.6%.

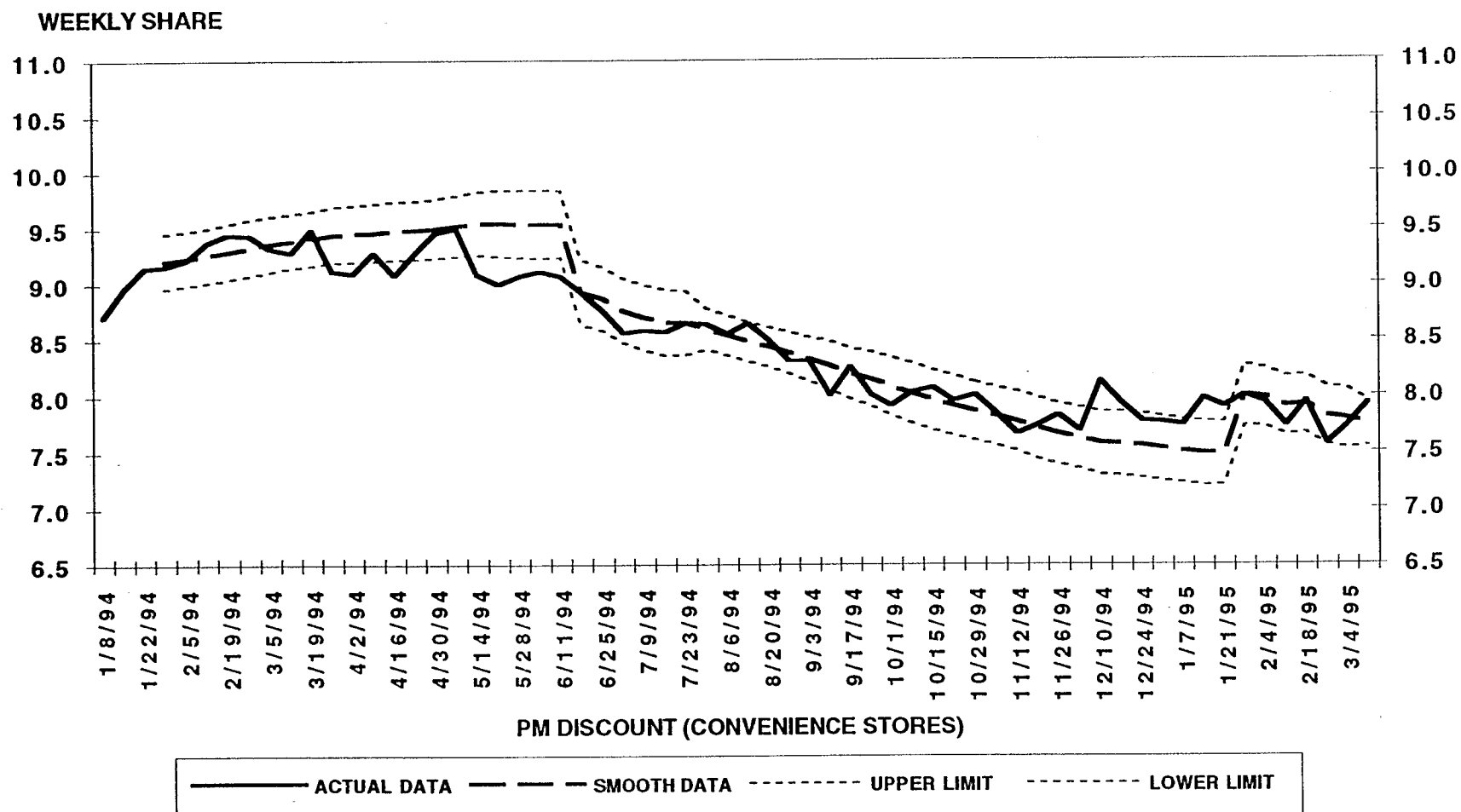


Source: Nielsen Integrated Panel

2045857951

63

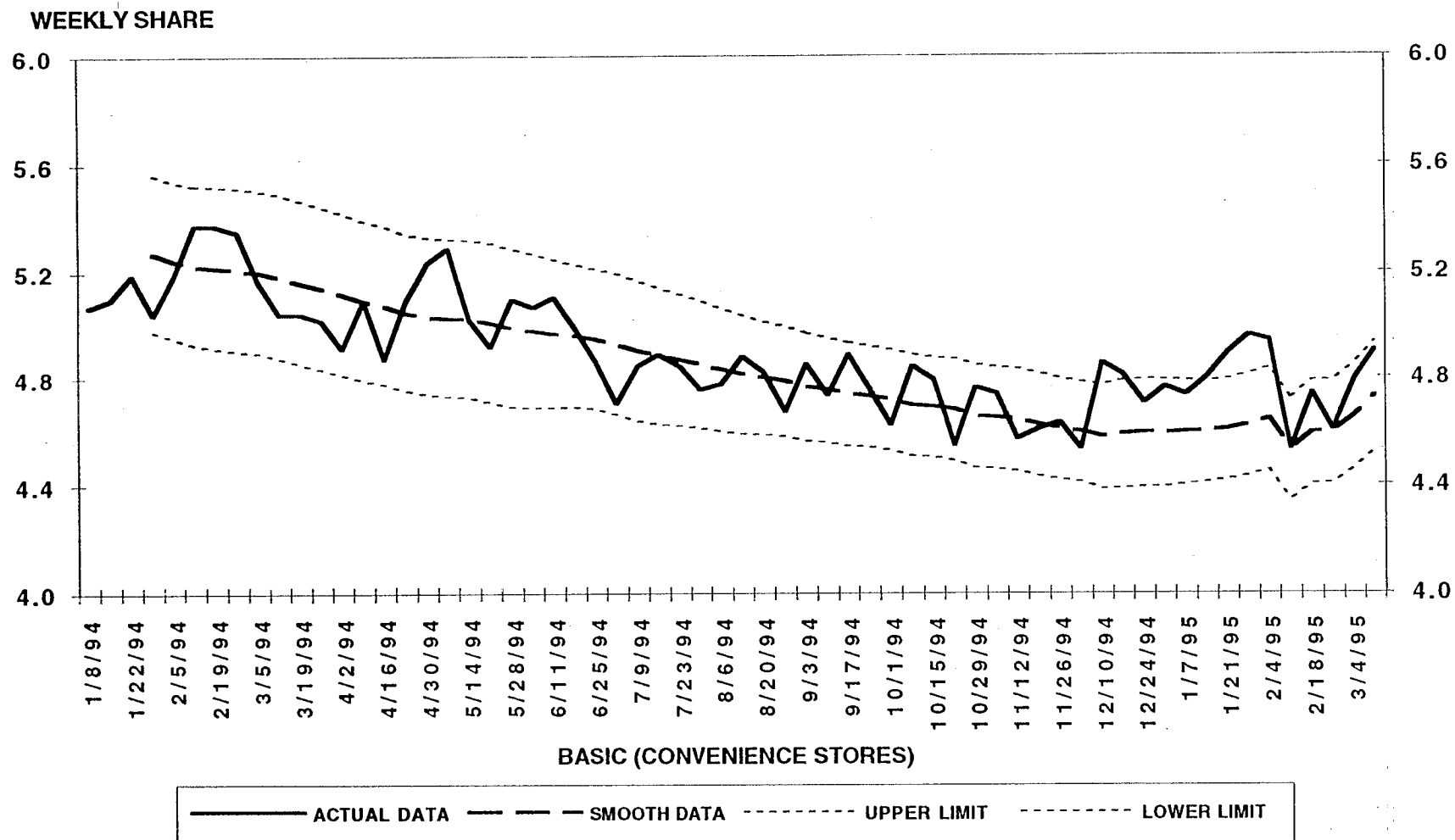
PM DISCOUNT'S SHARE WAS UP +0.2 POINTS TO 7.9%, DRIVEN BY BASIC AND PL GAINS. FOUR-WEEK SHARE DECLINED -0.1 POINT, PRIMARILY BASIC.



Source: Nielsen Integrated Panel

2045857952

BASIC'S WEEKLY SHARE WAS UP +0.1 POINT TO 4.9%, AS FREE PRODUCT INCIDENCE EXPANDED. FOUR-WEEK SHARE DECLINED -0.1 POINT.



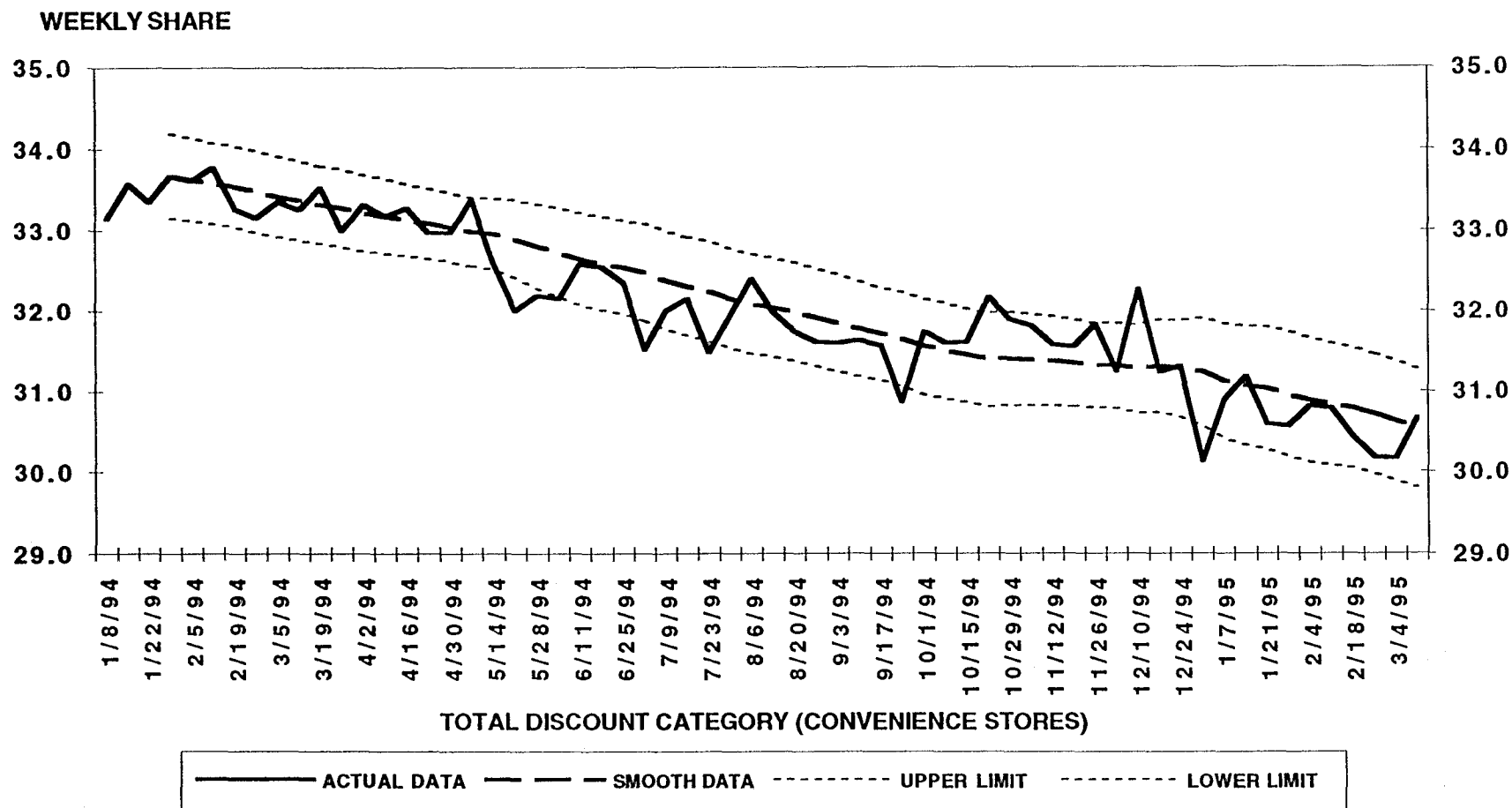
Source: Nielsen Integrated Panel

MARL

2045857953

C3

THE DISCOUNT CATEGORY'S WEEKLY SHARE ADVANCED +0.5 POINTS TO 30.7%, WITH PLs, BASIC AND GPC GAINING. THE CATEGORY'S FOUR-WEEK SHARE WAS DOWN -0.3 POINTS AS DORAL'S ADVANCE PARTIALLY OFFSET RJR PL, MONARCH AND MONTCLAIR LOSSES.



Source: Nielsen Integrated Panel

2045857954

63

2045857955

C3

SMOKER SHARE

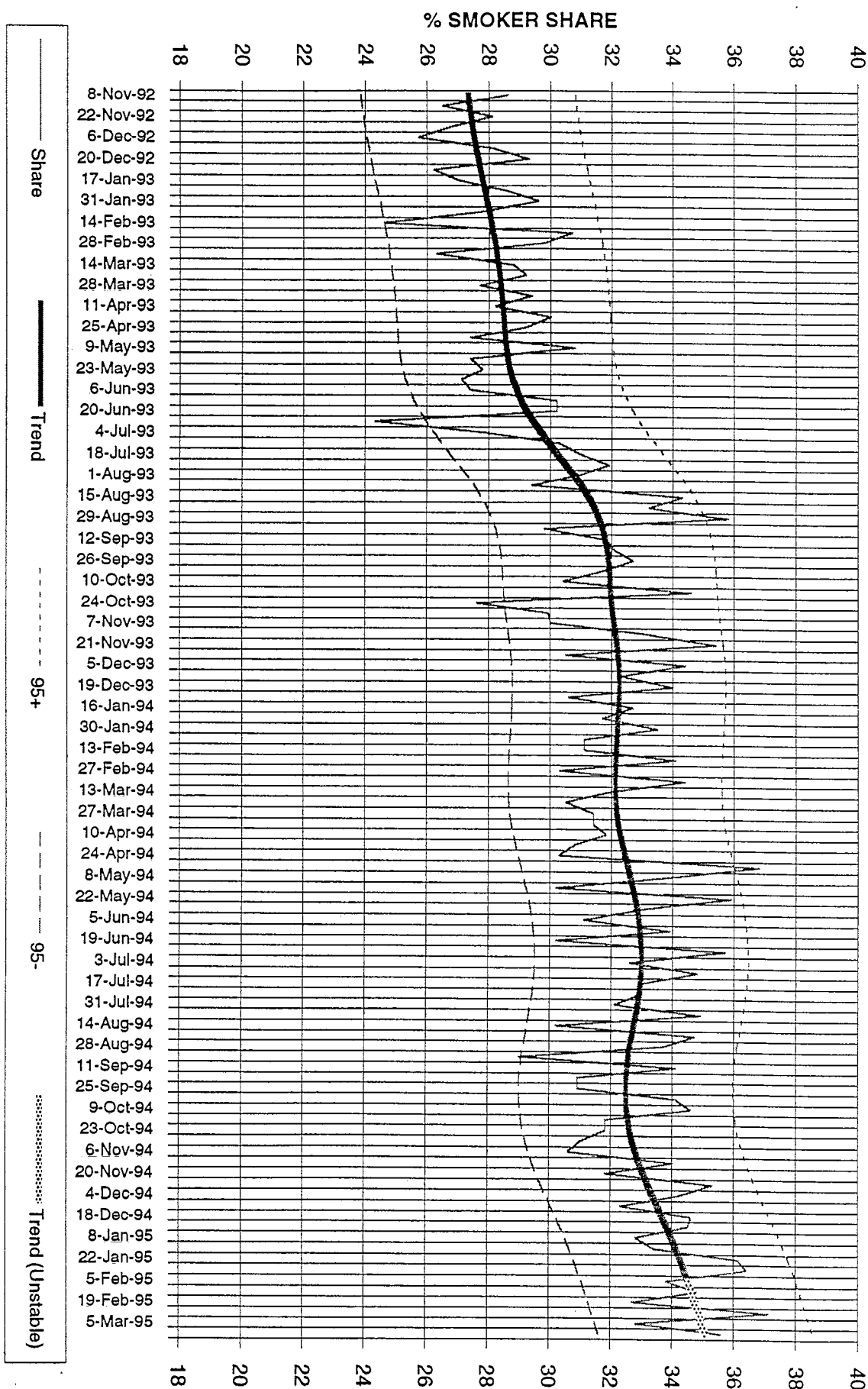
MARLBORO SMOKER SHARE

- Marlboro smoker and volumetric share trends remain at record highs, in contrast with near record Nielsen retail performance.
 - Among Young Adult Smokers, share trends are leveling off, but remain above 60%.
 - Among Total Smokers, trends remain positive, over 34% in smoker and 31% in volumetric share.
 - 25-34 year olds have contributed a large portion of Marlboro's growth over the past year.

2045857956

63

MARLBORO SMOKER SHARE (AMONG TOTAL SMOKERS)



SOURCE: SMOKER TRACKING STUDY-WEEKLY

FEBRUARY AND MARCH '95 REPRESENT TOP LINE DATA

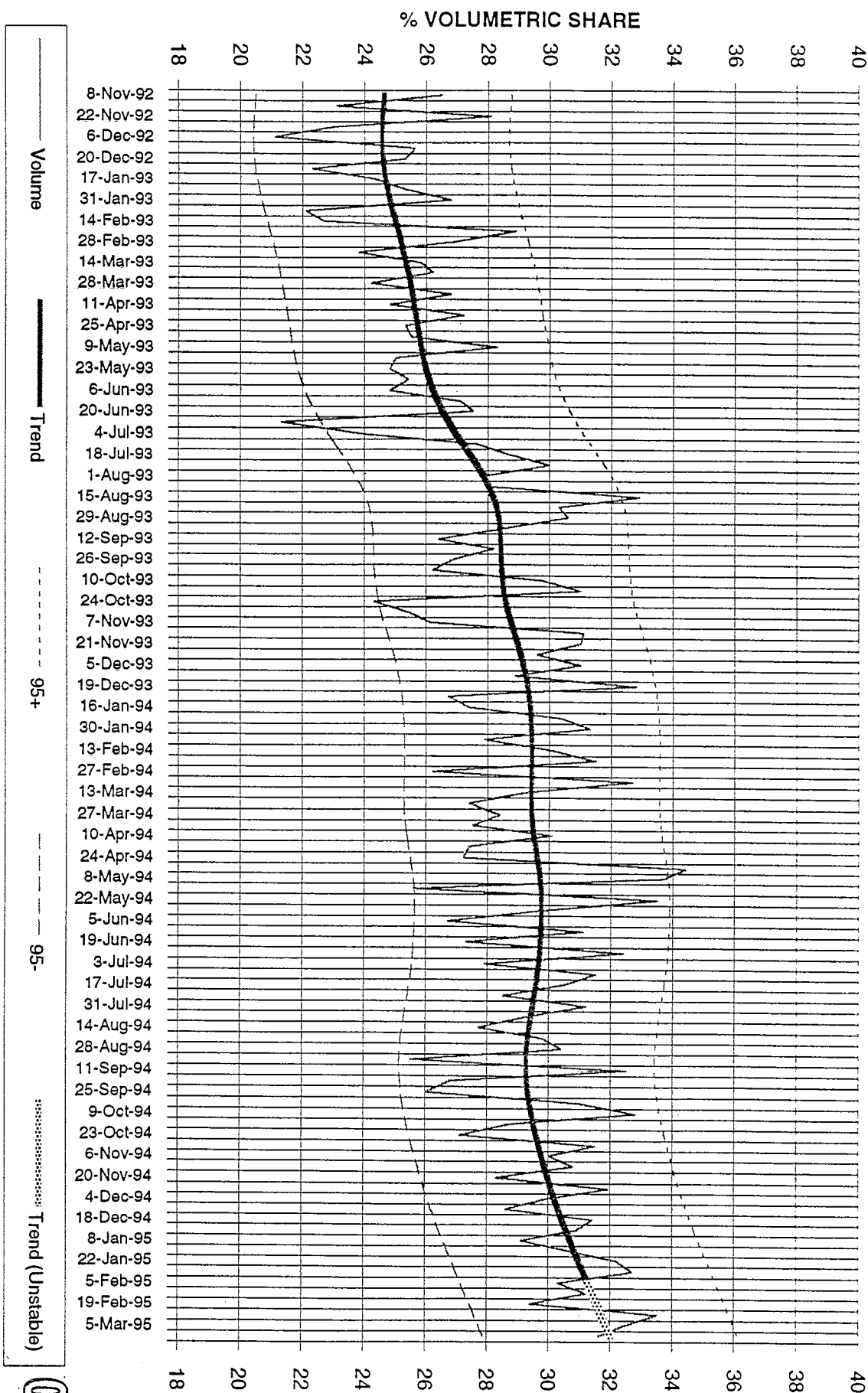
WKMARS.TOT (SPLINE BY 1000)

2562585702

63

MARLBORO VOLUMETRIC SHARE (AMONG TOTAL SMOKERS)

2044585579558

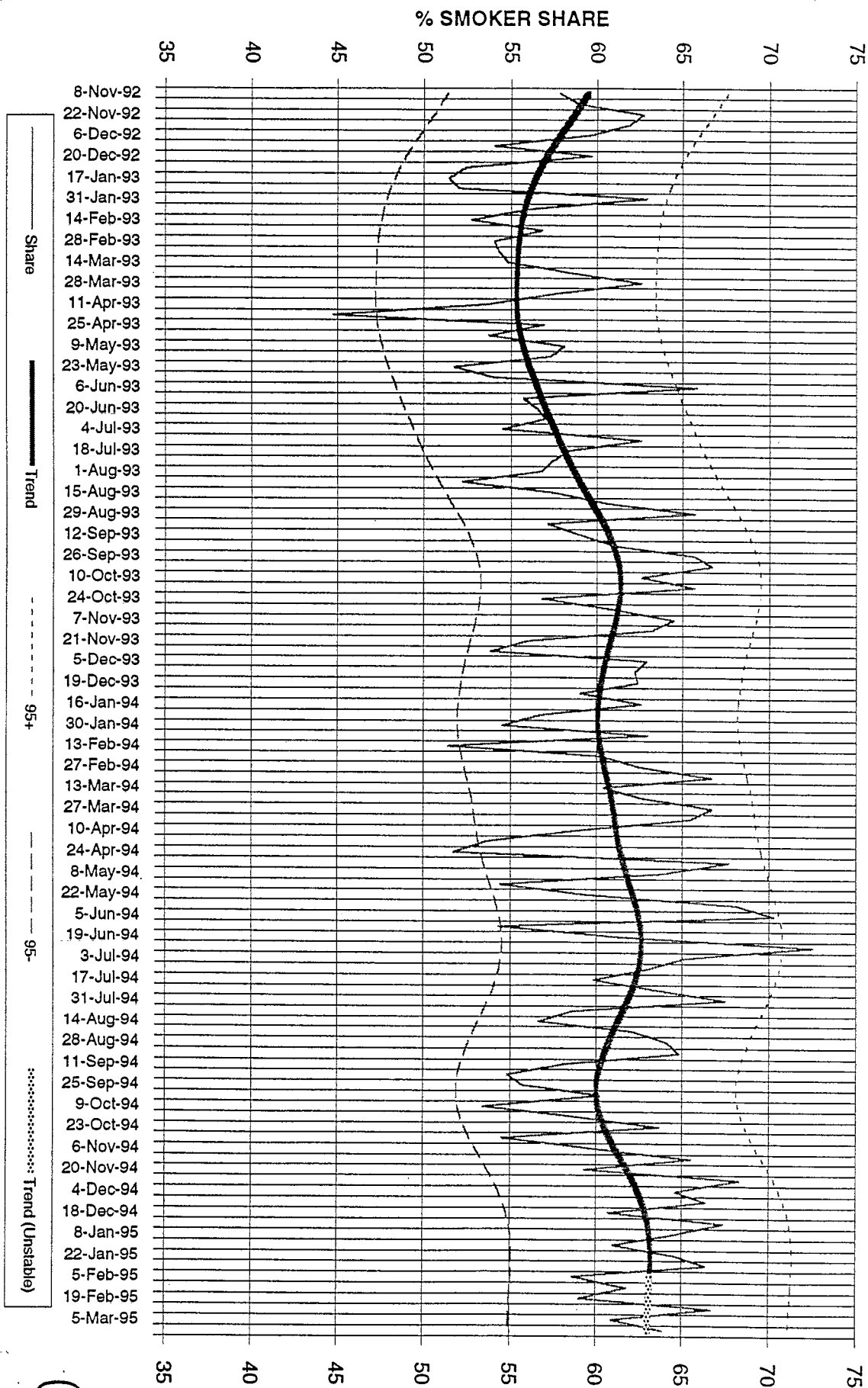


SOURCE: VOLUMETRICS-WEEKLY

FEBRUARY AND MARCH '95 REPRESENTS TOP LINE DATA

WKMARV.TOT (SPLINE BY 1000)

MARLBORO SMOKER SHARE (AMONG 18-24 SMOKERS)



SOURCE: SMOKER TRACKING STUDY-WEEKLY

FEBRUARY AND MARCH 95 REPRESENTS TOP LINE DATA

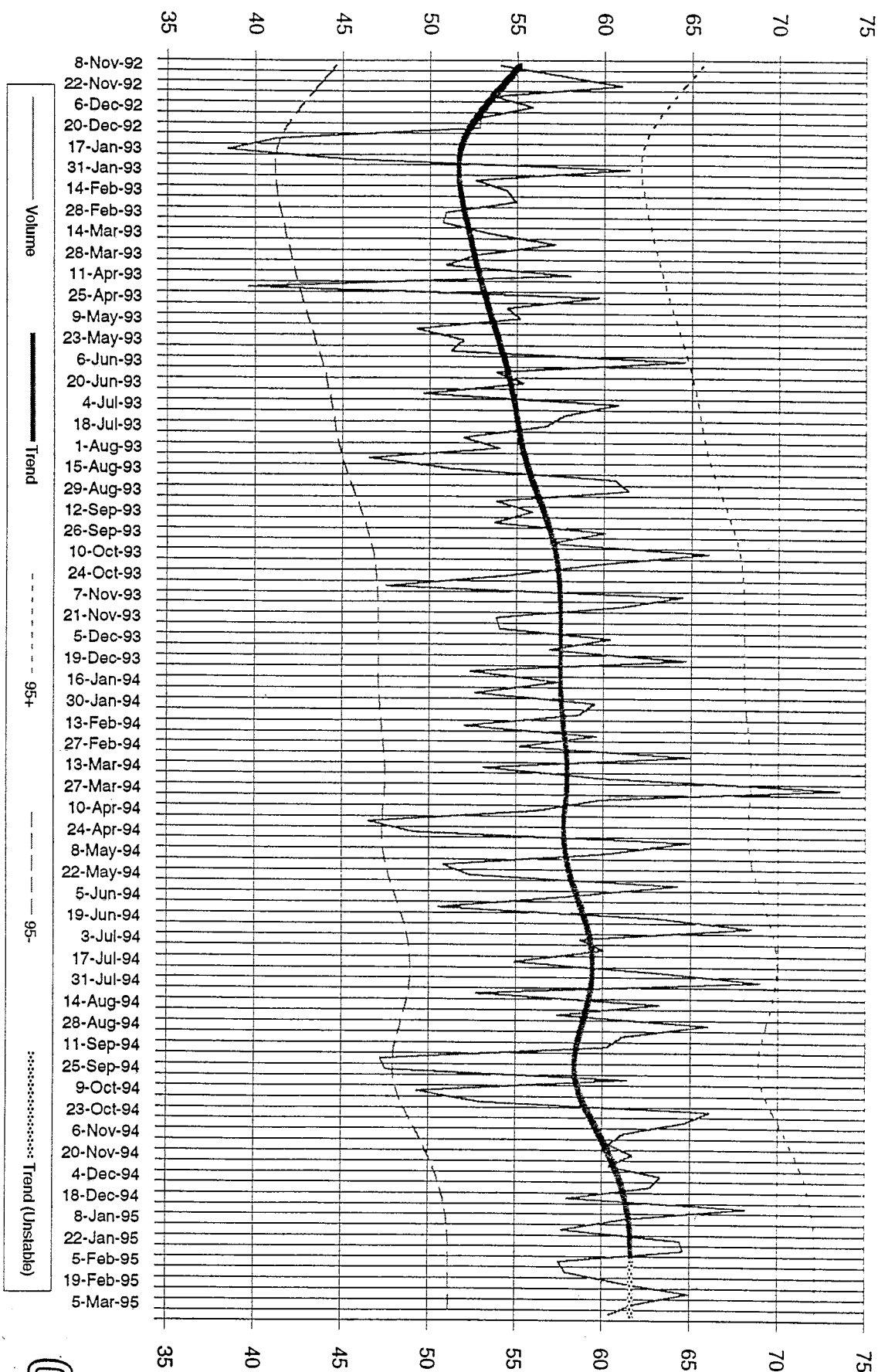
WKMARS AGE (SPLINE BY 1000)

63

MARLBORO VOLUMETRIC SHARE (AMONG 18-24 SMOKERS)

2045857960

% VOLUMETRIC SHARE



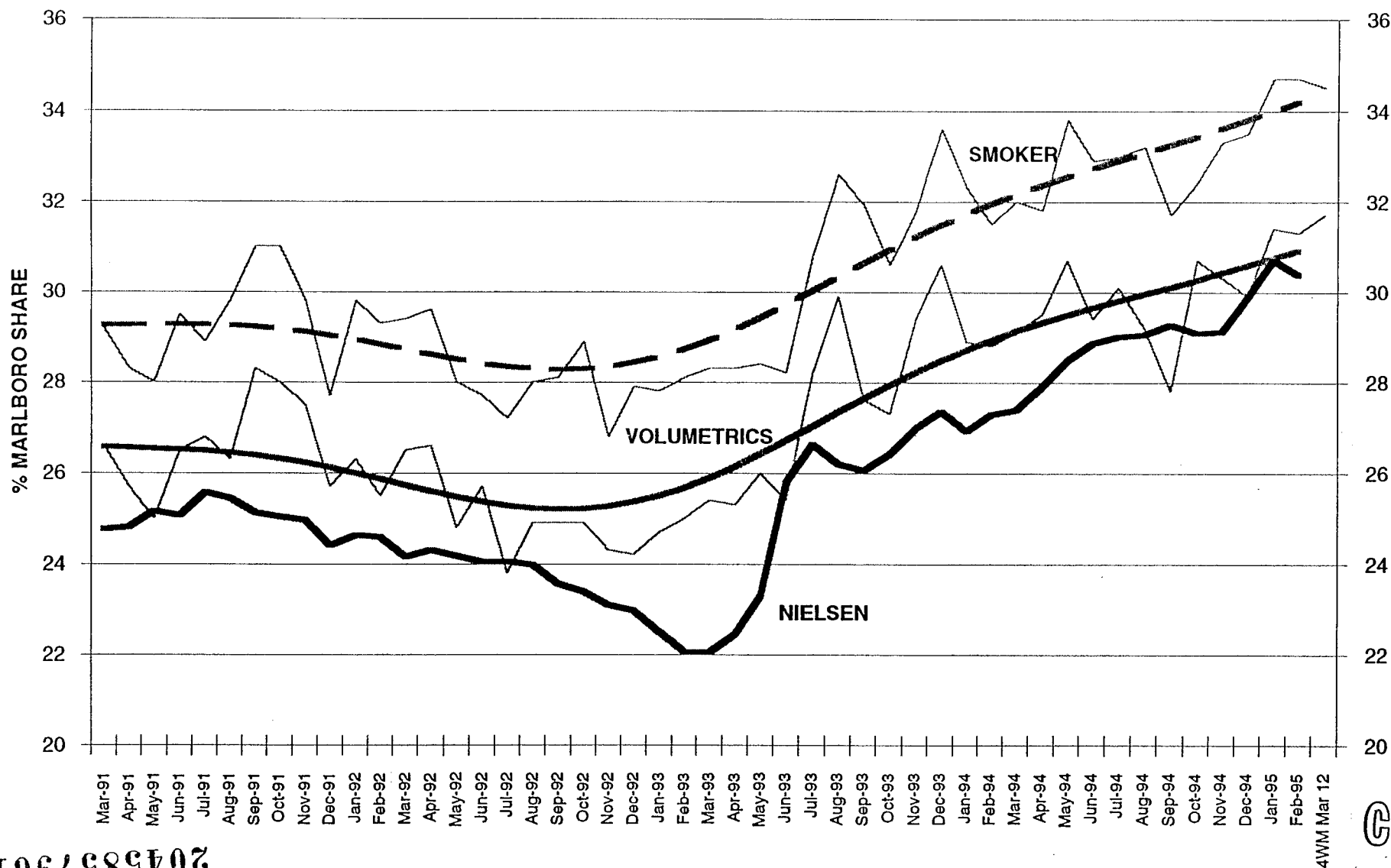
SOURCE: VOLUMETRICS WEEKLY

FEBRUARY AND MARCH '95 REPRESENT TOP LINE DATA

WKMARVAGE (SPLINE BY 1000)

63

MARLBORO SMOKER AND VOLUMETRIC SHARE TRENDS (AMONG TOTAL SMOKERS)



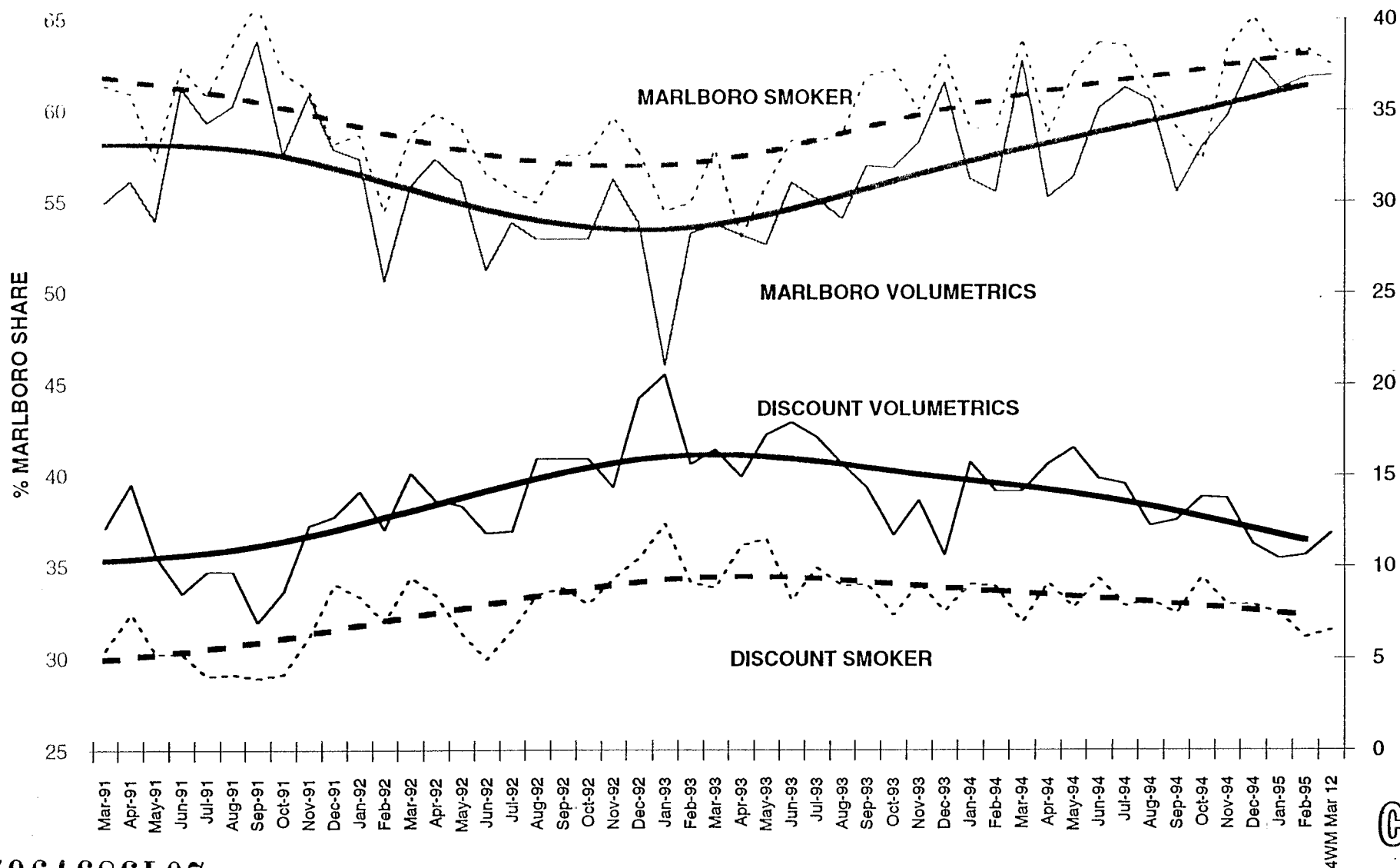
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SOURCE: CONTINUOUS TRACKING STUDY, NIELSEN-MONTHLY

FEBRUARY AND MARCH '95 REPRESENT TOP LINE DATA

MONTH.TOT (SPLINE BY 1000)

MARLBORO SMOKER AND VOLUMETRICS SHARE TRENDS (AMONG 18-24 SMOKERS)



2045857962

SOURCE: CONTINUOUS SMOKER TRACKING STUDY-1MM

FEBRUARY AND MARCH '95 REPRESENT TOP LINE DATA

MONTH.AGE (SPLINE BY 1000)

DAVE'S

89

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DAVE'S TEST MARKET UPDATE: W/E 3/11/95

SEATTLE

- At week 10, Dave's share and promotional incidence in Seattle was higher than its level in Denver with lower distribution.
- C-store share (1.7%) and share in stores stocking (2.1%) rose this week due to increased in-store promotional activity.
- Distribution in both Nielsen and STARS sources is lower in Seattle than Denver at the same points in time, but closing the gap: -8% and -4% respectively.

DENVER

- Dave's weekly C-Store share (1.0 %) remained level although in-store promotions sold through this week.
- STARS reorders were in 89% of C-Stores that have carried Dave's.
- Weekly supermarket distribution (59%) decreased slightly while shares have remained level.
 - 0.3% share, 0.4% in stores stocking.

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DAVE'S STATUS

| SOURCE: | DENVER | SEATTLE | |
|-----------------------------|-------------------------------------|-----------------------------------|---------------------------------------|
| | STARS C-STORES (CUM THRU 3/4) | NIELSEN C-STORES (w/e 3/11) | NIELSEN SUPERMARKETS (w/e 3/11) |
| RETAIL DISTRIBUTION | 89% | 98% | 59% |
| SHARE | 1.08% | 1.01% | 0.25% |
| SHARE IN STORES STOCKING | 1.16% | 1.03% | 0.42% |
| % STORES W/ PROMO | N/A | 0% | 10% |
| DAVE'S PRICING | - | \$1.55 | \$1.52 |
| MARLBORO PRICING | | \$1.84 | \$1.85 |

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DAVE'S C-STORE PERFORMANCE - DENVER VS. SEATTLE

NIELSEN

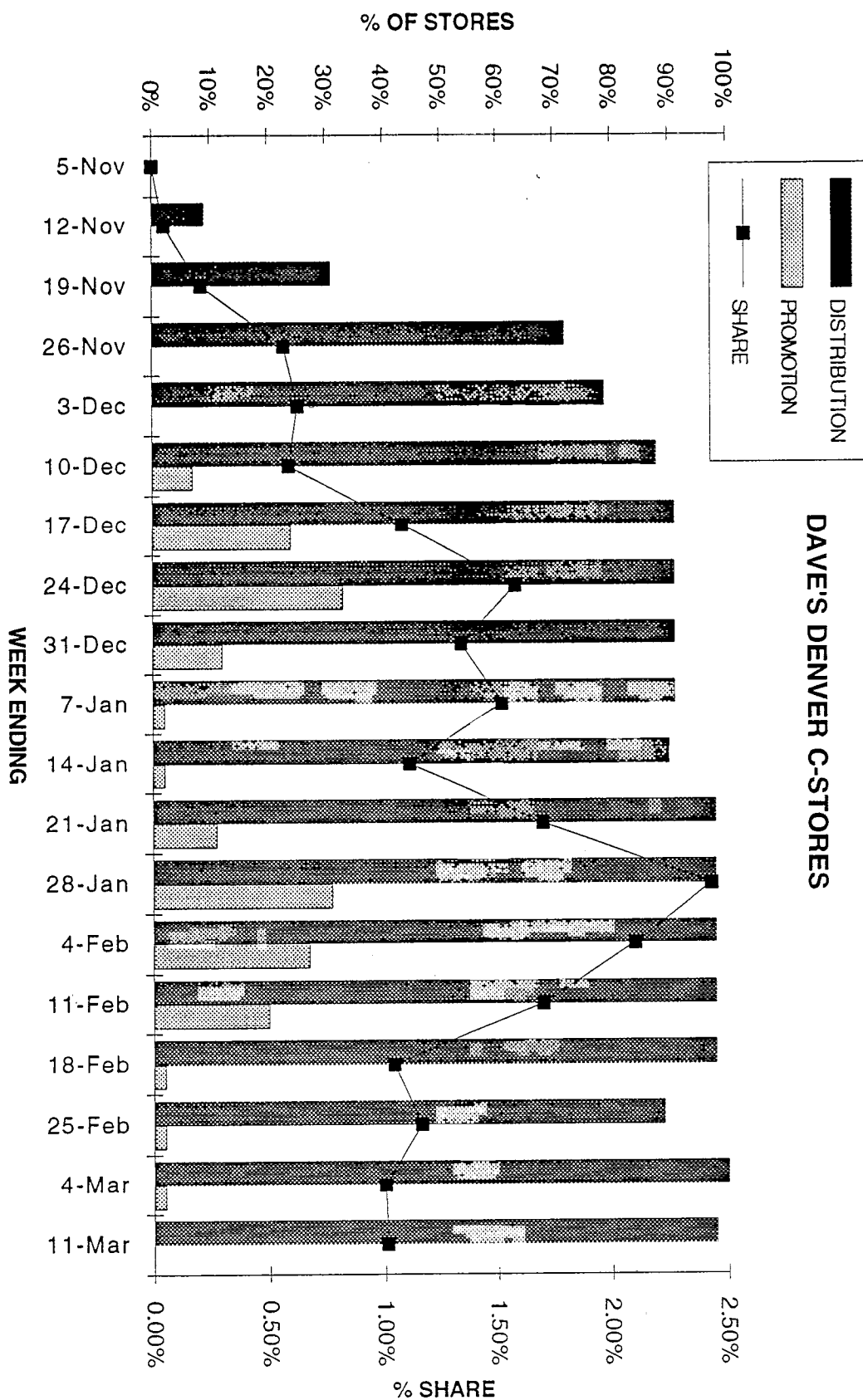
| WEEK | DISTRIBUTION | | SHARE | | % OF STORE W/ PROMO | |
|------|--------------|---------|--------|---------|---------------------|---------|
| | DENVER | SEATTLE | DENVER | SEATTLE | DENVER | SEATTLE |
| 1 | 0% | 18% | 0.00% | 0.04% | 0% | 0% |
| 2 | 9% | 28% | 0.05% | 0.19% | 0% | 0% |
| 3 | 31% | 47% | 0.21% | 0.47% | 0% | 0% |
| 4 | 72% | 58% | 0.57% | 0.60% | 0% | 0% |
| 5 | 79% | 67% | 0.63% | 0.98% | 0% | 19% |
| 6 | 88% | 77% | 0.59% | 2.44% | 7% | 19% |
| 7 | 91% | 76% | 1.08% | 1.26% | 24% | 9% |
| 8 | 91% | 75% | 1.58% | 1.45% | 33% | 0% |
| 9 | 91% | 81% | 1.34% | 1.14% | 12% | 0% |
| 10 | 91% | 83% | 1.52% | 1.73% | 2% | 8% |
| 11 | 90% | | 1.11% | | 2% | |
| 12 | 98% | | 1.70% | | 11% | |
| 13 | 98% | | 2.43% | | 31% | |
| 14 | 98% | | 2.10% | | 27% | |
| 15 | 98% | | 1.70% | | 20% | |
| 16 | 98% | | 1.04% | | 2% | |
| 17 | 89% | | 1.16% | | 2% | |
| 18 | 100% | | 1.00% | | 2% | |
| 19 | 98% | | 1.01% | | 0% | |

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SOURCE: NIELSEN

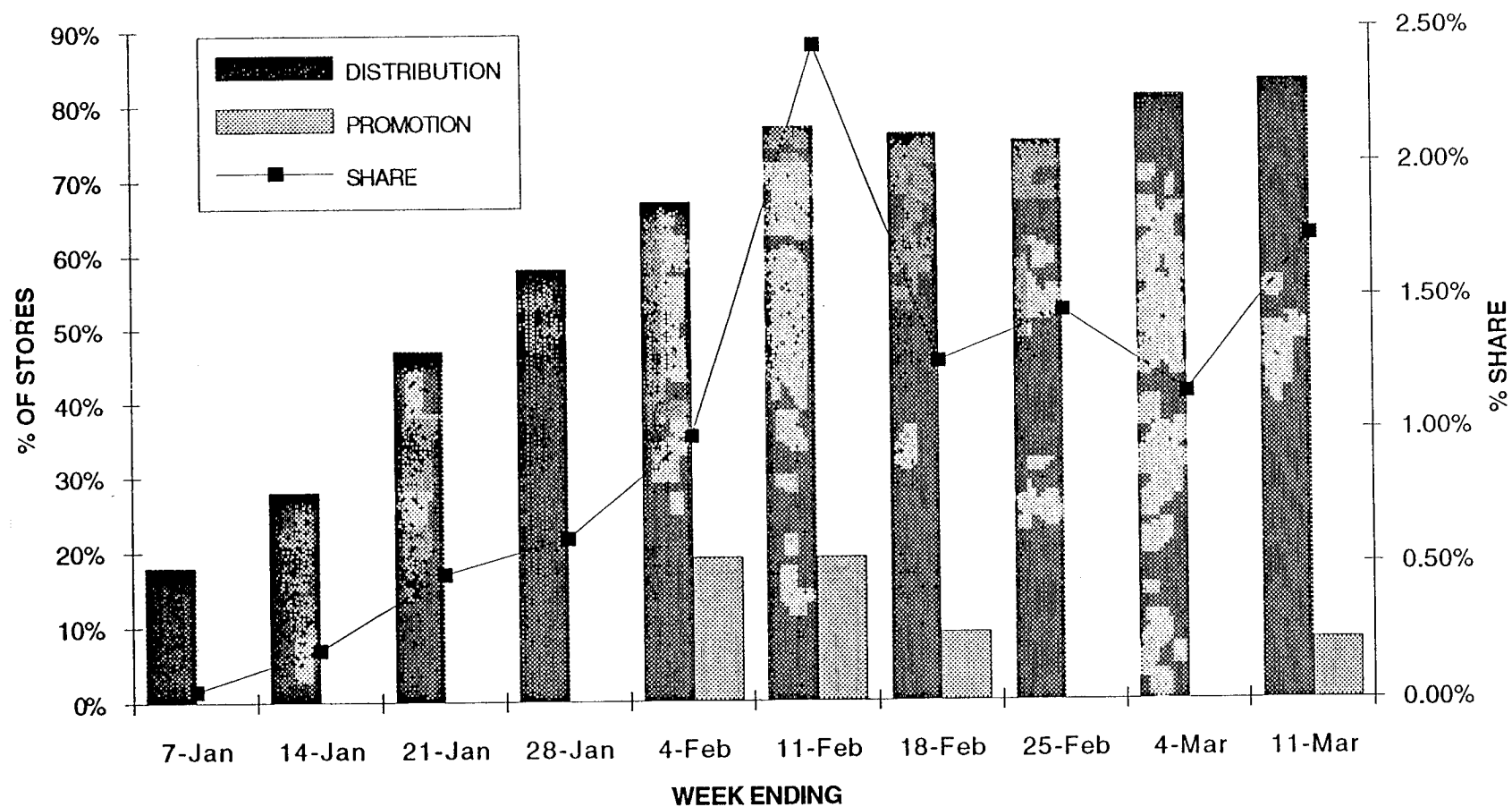
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SOURCE: NIELSEN



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DAVE'S SEATTLE C-STORES



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SOURCE: NIELSEN

WEEKLY BOOK
ORIGINAL
MARCH 20, 1995

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Philip Morris USA

Summary

WEEKLY UPDATE

March 17, 1995

Shipments

- This week's industry volume held at last week's and projected levels.
- RJR declined, while B&W was higher.
- PM's week volume was even with last week, slightly above projected levels.
- PM QTR (11.9 billion) was -0.1 billion units below projected level, and -2.6% below 1994.
- First C (50.6 billion units) is projected to be even with OB.
- PM remains favorable with First Quarter OB (45.3%).
- Fir to be 46.0%, +0.7 points above OB and +2.9 points higher than year ago.

Retail

- performance measure below its trigger.
- growth have slowed as promotional support decreased.
- adult Smokers.
- arch promotions continue to expand: B4G1F incidence, MCS catalog
- act on the Discount category continued into a second week.
- is increasing for GPC, Montclair, Misty; free
- Con., onal activity is expanding.
- Camel support money-off incidence (at a 29% high).
- The Retail Pa. %, 63¢) increased as greater promotional support reduced Lowest discount prices to a YTD
- ≤99¢ incidence (18%) increased to the high end of its range.

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WEEKLY UPDATE

March 17, 1995

Shipments

- This week's industry volume held at last week's and projected levels.
 - RJR declined, while B&W was higher.
- PM's weekly volume was even with last week, slightly above projected levels.
 - PM QTD volume (41.9 billion) was -0.1 billion units below projected level, and -2.6% below 1994.
 - First Quarter volume (50.6 billion units) is projected to be even with OB.
 - PM QTD share (45.8%) remains favorable with First Quarter OB (45.3%).
 - First Quarter share is expected to be 46.0%, +0.7 points above OB and +2.9 points higher than year ago.

Retail and Consumer Trends

- Basic's share gap with GPC is the only performance measure below its trigger.
- PM-USA and Marlboro short term share growth have slowed as promotional support decreased.
 - Consistent at retail and among Young Adult Smokers.
 - Share is anticipated to increase as March promotions continue to expand: B4G1F incidence, MCS catalog placements.
- Partial "first week of the month" impact on the Discount category continued into a second week.
 - Promotional Buydown incidence is increasing for GPC, Montclair, Misty; free product incidence for Basic.
- Competitive Premium promotional activity is expanding.
 - Camel B3G3F (at 5%), Newport money-off incidence (at a 29% high).
- The Retail Pack Gap (49%, 63¢) increased as greater promotional support reduced Lowest discount prices to a YTD low.
- ≤99¢ incidence (18%) increased to the high end of its range.

2045857971

PM-USA
FIRST QUARTER PERFORMANCE
W/E 3/17/95

- Industry volume (9.1 billion units) remained even with last week and near expected levels.
 - RJR decreased, while B&W was higher.
 - Discount shipments for B&W and Liggett continued to be higher than normal.
- PM USA's volume (4.1 billion) was near last week and slightly above projected levels.
 - PM-USA's current shares were stable and above First Quarter OB.
 - Week (45.7%)
 - QTD (45.8%)
- PM-USA's QTD volume was -0.1 billion units below OB and -2.6% below last year.
 - QTD share (45.8%), is expected to rise to 46.0% for the First Quarter.
 - +0.7 points above OB.
 - +2.9 points above 1Q94.
 - +0.5 above 4Q94.
- Basic's 13 week share of Discount (15.2%) increased +0.2 points above last week.

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SHIPMENTS

(To All Direct Accounts)

| <u>COMPANY</u> | <u>PM</u> | <u>RJR</u> | <u>B&W</u> | <u>Lorillard</u> | <u>Liggett</u> | |
|-----------------------------|-----------------|------------------|-----------------|------------------|----------------|-------------------|
| 13 wk Base Dec. 22, 1994 | 45.51 | 25.19 | 19.46 | 7.55 | 2.27 | |
| March 23, 1995 (13wm) | <u>45.74</u> | <u>25.79</u> | <u>18.44</u> | <u>7.90</u> | <u>2.11</u> | |
| | 0.23 | 0.60 | (1.02) | 0.35 | (0.16) | |
| <u>CATEGORY</u> | <u>Premium</u> | <u>Discount</u> | | | | |
| 13 wk Base Dec. 22, 1994 | 67.42 | 32.58 | | | | |
| March 23, 1995 (13wm) | <u>69.41</u> | <u>30.59</u> | | | | |
| | 1.99 | (1.99) | | | | |
| <u>PM MAJOR BRANDS</u> | <u>Marlboro</u> | <u>PM OPB</u> | <u>V. Slims</u> | <u>B & H</u> | <u>Merit</u> | <u>Parliament</u> |
| 13 wk Base Dec. 22, 1994 | 28.90 | 7.84 | 2.34 | 2.30 | 2.35 | 0.66 |
| March 23, 1995 (13wm) | <u>29.41</u> | <u>8.19</u> | <u>2.46</u> | <u>2.41</u> | <u>2.44</u> | <u>0.69</u> |
| | 0.51 | 0.35 | 0.12 | 0.11 | 0.09 | 0.03 |
| <u>PM BRANDED DISCOUNTS</u> | <u>Basic</u> | <u>Cambridge</u> | <u>Bristol</u> | <u>Alpine</u> | | |
| 13 wk Base Dec. 22, 1994 | 4.99 | 1.77 | 0.15 | 0.32 | | |
| March 23, 1995 (13wm) | <u>4.64</u> | <u>1.60</u> | <u>0.14</u> | <u>0.32</u> | | |
| | (0.35) | (0.17) | (0.01) | 0.00 | | |
| <u>PM PRIVATE LABEL</u> | <u>PM</u> | | | | | |
| 13 wk Base Dec. 22, 1994 | 1.47 | | | | | |
| March 23, 1995 (13wm) | <u>1.36</u> | | | | | |
| | (0.11) | | | | | |

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INDUSTRY VOLUME WAS NEAR LAST WEEK AND AT EXPECTED LEVELS. PM WAS SLIGHTLY ABOVE PROJECTION. RJR WAS BELOW LAST WEEK, WHILE B&W WAS HIGHER. B&W AND LIGGETT DISCOUNT SHIPMENTS REMAINED ABOVE NORMAL LEVELS.

WEEKLY VOLUME

(MILLIONS)

| | CURRENT WEEK <u>3/3/95</u> | CURRENT WEEK <u>3/10/95</u> | CURRENT WEEK <u>3/17/95</u> | DIFF VS. PREVIOUS WK | % CHANGE |
|--------------------|----------------------------------|-----------------------------------|-----------------------------------|----------------------------|----------|
| INDUSTRY | 8,933 | 9,083 | 9,054 | (29) | -0.3% |
| PM | 4,044 | 4,151 | 4,139 | (12) | -0.3% |
| RJ REYNOLDS | 2,340 | 2,347 | 2,265 | (82) | -3.5% |
| B & W (INCL. AMER) | 1,664 | 1,673 | 1,744 | 71 | 4.2% |
| LORILLARD | 695 | 720 | 714 | (6) | -0.8% |
| LIGGETT | 189 | 190 | 189 | (1) | -0.5% |
| PM SHARE | 45.27 | 45.70 | 45.72 | 0.02 | |

2045857974

MFR CHANGES

**PM-USA WEEKLY VOLUME PERFORMANCE
(MILLIONS)**

| | <u>MONTH</u> <u>Jan-95</u> | <u>MONTH</u> <u>Feb-95</u> | <u>WEEK</u> <u>3/3/95</u> | <u>WEEK</u> <u>3/10/95</u> | <u>WEEK</u> <u>3/17/95</u> | <u>1995 YTD</u> |
|----------------------------------|-------------------------------|-------------------------------|------------------------------|-------------------------------|-------------------------------|----------------------|
| SALES | 15,261 | 16,184 | 4,044 | 4,151 | 4,139 | 41,937 |
| LIFO PAYBACK | 926 | 42 | 0 | 0 | 0 | 968 |
| ADJUSTED MCLANE PURCHASES | 776 | 35 | 42 | 5 | (35) (e) | 803 (e) |
| PROMO | 0 | (564) | (41) | (53) | (57) | (696) |
| OTHER** | <u>961</u> | <u>350</u> | <u>23</u> | <u>27</u> | <u>7</u> | <u>1,358</u> |
| TOTAL | 2,663 | (136) | 24 | (21) | (85) | 2,433 |
| ESTIMATED GOING RATE* | 17,924 | 16,048 | 4,068 | 4,130 | 4,054 | 44,370 |
| WEEKLY | 3,892 | 4,055 | 4,068 | 4,130 | 4,054 | |
| PM OUTBOUND | 17,743 | 16,446 | 4,266 | 4,245 | 4,054 (e) | 44,811 (e) |
| PM BUDGET | <u>17,820</u> | <u>16,171</u> | <u>4,111</u> | <u>4,149</u> | <u>4,149</u> | <u>44,528</u> |
| DIFFERENCE | (77) | 275 | 155 | 96 | (95) | 283 |

* ESTIMATED GOING RATE ADJUSTED FOR STARS PERFORMANCE.

** OTHER INCLUDES PROMOTIONAL PAYBACK, FORWARD BUYING, AND WHOLESALE INVENTORY CHANGES.

(e) ESTIMATE

NOTE: PROMO VOLUME ADJUSTED FOR BASIC INCREMENTAL PROMOTIONAL SHIPMENTS.

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3/17 MONTH+WEEK LINK

PRELIMINARY WEEKLY VOLUME AND SHARE
W/E 3/17/95

| | <u>WEEK</u> | | | | | <u>VOLUME</u> | | |
|----------------|----------------|----------------|----------------|----------------|-------------|---------------|----------------|----------------|
| | <u>VOLUME</u> | <u>DIFF</u> | <u>%CHANGE</u> | <u>SHARE</u> | <u>DIFF</u> | <u>FCST</u> | <u>DIFF VS</u> | <u>%CHANGE</u> |
| | <u>VS 1994</u> | <u>VS 1994</u> | | <u>VS 1994</u> | | <u>FCST</u> | <u>FCST</u> | <u>VS FCST</u> |
| INDUSTRY | 9,054 | -99 | -1.1% | | | 9,037 | 17 | 0.2% |
| PHILIP MORRIS | 4,139 | 152 | 3.8% | 45.72 | 2.15 | 4,061 | 78 | 1.9% |
| R.J. REYNOLDS | 2,265 | -230 | -9.2% | 25.02 | -2.24 | 2,376 | -111 | -4.7% |
| B&W(INCL AMER) | 1,744 | -4 | -0.2% | 19.26 | 0.17 | 1,715 | 29 | 1.7% |
| LORILLARD | 714 | 14 | 2.0% | 7.89 | 0.24 | 685 | 29 | 4.2% |
| LIGGETT | 189 | -31 | -14.1% | 2.09 | -0.32 | 200 | -11 | -5.3% |

| | <u>DISCOUNT</u> | | | <u>PREMIUM</u> | | |
|------------------|-----------------|--------------|---------------|----------------|--------------|---------------|
| | <u>VOLUME</u> | <u>SHARE</u> | <u>%CONT.</u> | <u>VOLUME</u> | <u>SHARE</u> | <u>%CONT.</u> |
| INDUSTRY | 2,790 | 30.81 | | 6,264 | 69.19 | |
| PHILIP MORRIS | 723 | 25.91 | 17.5% | 3,417 | 54.54 | 82.5% |
| R.J. REYNOLDS | 852 | 30.54 | 37.6% | 1,413 | 22.56 | 62.4% |
| B&W (INCL. AMER) | 1,038 | 37.21 | 59.5% | 706 | 11.27 | 40.5% |
| LORILLARD | 31 | 1.11 | 4.4% | 683 | 10.90 | 95.6% |
| LIGGETT | 145 | 5.20 | 76.5% | 44 | 0.71 | 23.5% |

WEEKLY VOL

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PRELIMINARY VOLUME AND SHARE

W/E 3/17/95

SHARE

YTD SHARE

TOTAL INDUSTRY YEAR TO DATE

| | <u>VOLUME</u> | <u>DIFF</u> <u>VS 1994</u> | <u>% CHANGE</u> <u>VS 1994</u> | <u>SHARE</u> | <u>DIFF</u> <u>VS 1994</u> | <u>1995 OB</u> <u>FCST</u> | <u>DIFF vs.</u> <u>1995 OB</u> <u>FCST</u> |
|-----------------|---------------|-------------------------------|-----------------------------------|--------------|-------------------------------|-------------------------------|--|
| INDUSTRY | 91,627 | -7,888 | -7.9% | | | | |
| PHILIP MORRIS | 41,937 | -1,162 | -2.6% | 45.77 | 2.46 | 45.60 | 0.17 |
| R.J. REYNOLDS | 23,774 | -4,844 | -16.9% | 25.95 | -2.81 | 25.98 | -0.04 |
| B&W(INCL. AMER) | 16,942 | -1,246 | -6.8% | 18.49 | 0.21 | 18.80 | -0.31 |
| LORILLARD | 7,207 | -178 | -2.4% | 7.87 | 0.44 | 7.50 | 0.37 |
| LIGGETT | 1,748 | -455 | -20.7% | 1.91 | -0.31 | 2.12 | -0.21 |

DISCOUNT YEAR TO DATE

| | <u>VOLUME</u> | <u>DIFF</u> <u>VS</u> <u>1994</u> | <u>% CHANGE</u> <u>VS</u> <u>1994</u> | <u>SOC</u> | <u>DIFF</u> <u>VS</u> <u>1994</u> |
|-----------------|---------------|---|---|------------|---|
| INDUSTRY | 28,122 | -5,197 | -15.6% | 30.69 | -2.79 |
| PHILIP MORRIS | 7,596 | -1,223 | -13.8% | 27.01 | 0.54 |
| R.J. REYNOLDS | 9,143 | -2,831 | -23.6% | 32.51 | -3.42 |
| B&W(INCL. AMER) | 9,746 | -767 | -7.3% | 34.66 | 3.10 |
| LORILLARD | 325 | 12 | 3.7% | 1.16 | 0.22 |
| LIGGETT | 1,311 | -388 | -22.8% | 4.66 | -0.44 |

PREMIUM YEAR TO DATE

| | <u>VOLUME</u> | <u>DIFF</u> <u>VS</u> <u>1994</u> | <u>% CHANGE</u> <u>VS</u> <u>1994</u> | <u>SOC</u> | <u>DIFF</u> <u>VS</u> <u>1994</u> |
|-----------------|---------------|---|---|------------|---|
| INDUSTRY | 63,504 | -2,691 | -4.1% | 69.31 | 2.79 |
| PHILIP MORRIS | 34,342 | 60 | 0.1% | 54.08 | 2.29 |
| R.J. REYNOLDS | 14,631 | -2,014 | -12.1% | 23.04 | -2.11 |
| B&W(INCL. AMER) | 7,197 | -479 | -6.2% | 11.33 | -0.26 |
| LORILLARD | 6,882 | -189 | -2.7% | 10.84 | 0.15 |
| LIGGETT | 437 | -68 | -13.4% | 0.69 | -0.07 |

Y-T-D VOL

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ORIGINAL BUDGET FORECAST FIRST QUARTER 1995

TOTAL VOLUME

TOTAL SHARE

| | <u>WEEK ENDING 3/17</u> | | | <u>WEEK ENDING 3/17</u> | | |
|-----------------|-------------------------|--------------|--------------|-------------------------|--------------|--------------|
| | <u>ACTUAL</u> | <u>FCAST</u> | <u>DIFF.</u> | <u>ACTUAL</u> | <u>FCAST</u> | <u>DIFF.</u> |
| INDUSTRY | 9,054 | 9,037 | 17 | | | |
| PHILIP MORRIS | 4,139 | 4,061 | 78 | 45.72 | 44.94 | 0.78 |
| R.J. REYNOLDS | 2,265 | 2,376 | -111 | 25.02 | 26.29 | -1.27 |
| B&W(INCL. AMER) | 1,744 | 1,715 | 29 | 19.26 | 18.98 | 0.29 |
| LORILLARD | 714 | 685 | 29 | 7.89 | 7.57 | 0.32 |
| LIGGETT | 189 | 200 | -11 | 2.09 | 2.21 | -0.12 |

| | <u>QUARTER TO DATE</u> | | | <u>QUARTER TO DATE</u> | | | <u>1Q95</u> |
|-----------------|------------------------|--------------|--------------|------------------------|--------------|--------------|--------------|
| | <u>ACTUAL</u> | <u>FCAST</u> | <u>DIFF.</u> | <u>ACTUAL</u> | <u>FCAST</u> | <u>DIFF.</u> | <u>FCAST</u> |
| INDUSTRY | 91,627 | 93,314 | -1,687 | | | | |
| PHILIP MORRIS | 41,937 | 42,072 | -134 | 45.77 | 45.09 | 0.68 | 45.26 |
| R.J. REYNOLDS | 23,774 | 24,493 | -719 | 25.95 | 26.25 | -0.30 | 26.16 |
| B&W(INCL. AMER) | 16,942 | 17,680 | -738 | 18.49 | 18.95 | -0.46 | 18.88 |
| LORILLARD | 7,207 | 7,094 | 113 | 7.87 | 7.60 | 0.26 | 7.57 |
| LIGGETT | 1,748 | 1,975 | -227 | 1.91 | 2.12 | -0.21 | 2.12 |

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FORECAST

Philip Morris USA

McLane Shipments

PM SHIPMENTS TO MCLANE WERE ABOVE NORM FOR THE SECOND CONSECUTIVE WEEK, NEAR MCLANE SHIPMENTS TO THEIR RETAILERS FOR THE PAST SIX WEEKS.

TOTAL PM VOLUME MCLANE
(millions of cigarettes)

| <u>Week Ending</u> | <u>PM Shipped To McLane</u> | <u>McLane Shipped To Retailers</u> | <u>Difference</u> |
|--------------------|---------------------------------|--|-------------------|
| 1/6/95 | 779.1 | 551.0 | 228.1 |
| 1/13 | 142.7 | 579.6 | -436.9 |
| 1/20 | 332.7 | 573.6 | -240.9 |
| 1/27 | 258.1 | 555.5 | -297.4 |
| 2/3 | 490.6 | 553.0 | -62.4 |
| 2/10 | 594.4 | 583.6 | 10.8 |
| 2/17 | 565.6 | 584.4 | -18.8 |
| 2/24 | 618.5 | 593.2 | 25.3 |
| 3/3 | 589.7 | 631.9 | -42.2 |
| 3/10 | 616.2 | 620.8 | -4.6 |
| 3/17 | 641.3 | 605.9 (e) | 35.4 |
| AVERAGE WEEK-YTD | 511.7 | 584.8 | -73.1 |
| YTD 1995 | 5,628.9 | 6,432.5 | -803.6 |

All volumes through 10/21/94 exclude 24 Sam's Clubs in Michigan which purchased directly from PM. As of 10/28, these are included in McLane's Northeast Division.

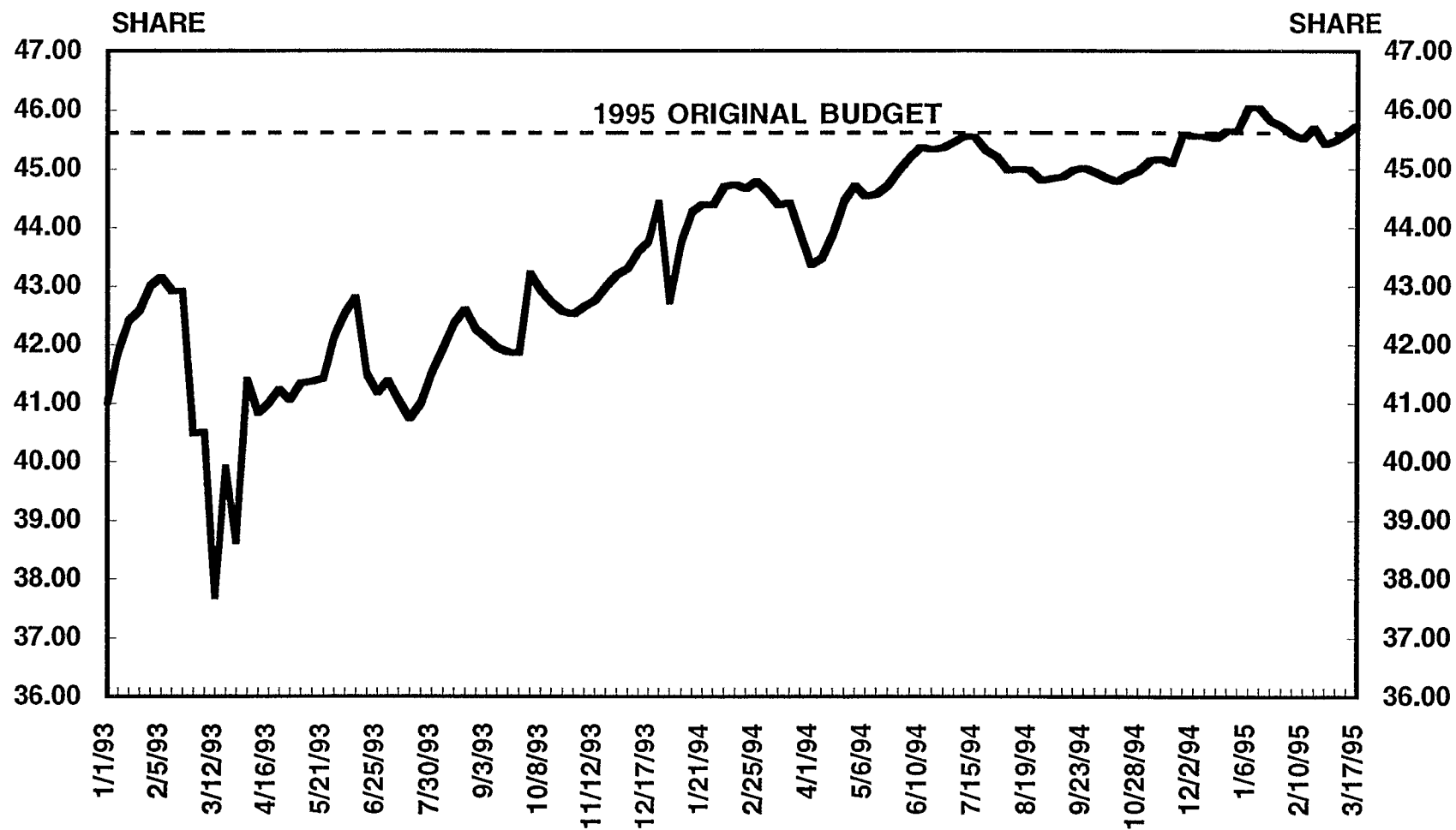
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PM-USA WEEKLY PERFORMANCE

| | <u>12/23</u> | <u>12/30</u> | <u>1/6</u> | <u>1/13</u> | <u>1/20</u> | <u>1/27</u> | <u>2/3</u> | <u>2/10</u> | <u>2/17</u> | <u>2/24</u> | <u>3/3</u> | <u>3/10</u> | <u>3/17</u> | 1Q OB WEEKLY <u>TARGET</u> |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------------------------|
| MARLBORO | 3,399 | 2,472 | 2,302 | 2,010 | 2,154 | 2,175 | 2,372 | 2,551 | 2,879 | 2,437 | 2,598 | 2,660 | 2,693 | 2,564 |
| B&H | 264 | 200 | 207 | 169 | 177 | 183 | 203 | 207 | 227 | 197 | 217 | 217 | 214 | 211 |
| MERIT | 278 | 211 | 203 | 180 | 186 | 191 | 197 | 208 | 220 | 194 | 212 | 218 | 214 | 211 |
| V.SLIMS | 280 | 202 | 208 | 170 | 178 | 192 | 202 | 216 | 229 | 205 | 215 | 222 | 218 | 211 |
| PARLIAMENT | 72 | 58 | 53 | 51 | 52 | 53 | 56 | 58 | 67 | 51 | 61 | 71 | 60 | 57 |
| OTHER PREMIUM | 20 | 15 | 17 | 18 | 16 | 15 | 16 | 17 | 17 | 16 | 16 | 17 | 17 | 15 |
| CANADIAN | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL PREMIUM | 4,312 | 3,158 | 2,989 | 2,597 | 2,764 | 2,809 | 3,046 | 3,258 | 3,639 | 3,099 | 3,319 | 3,405 | 3,417 | 3,269 |
| CAMBRIDGE | 160 | 126 | 147 | 142 | 125 | 121 | 132 | 142 | 141 | 127 | 137 | 144 | 136 | 154 |
| ALPINE | 32 | 26 | 24 | 24 | 24 | 25 | 26 | 29 | 31 | 32 | 28 | 31 | 27 | 31 |
| BUCKS | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| FVB | 132 | 120 | 104 | 108 | 101 | 90 | 108 | 115 | 116 | 134 | 140 | 122 | 118 | 131 |
| BASIC | 492 | 327 | 329 | 293 | 322 | 311 | 365 | 400 | 416 | 650 | 400 | 430 | 422 | 457 |
| BRISTOL | 13 | 12 | 12 | 12 | 11 | 11 | 12 | 13 | 14 | 12 | 13 | 13 | 11 | 14 |
| OTHER | 6 | 4 | 5 | 6 | 8 | 4 | 4 | 4 | 5 | 4 | 5 | 5 | 7 | 3 |
| TOTAL DISCOUNT | 839 | 616 | 623 | 587 | 593 | 563 | 648 | 705 | 723 | 961 | 724 | 746 | 723 | 792 |
| TOTAL PM-USA | 5,151 | 3,774 | 3,612 | 3,184 | 3,357 | 3,371 | 3,694 | 3,963 | 4,361 | 4,061 | 4,044 | 4,151 | 4,139 | 4,062 |

2045857980

PM SHARE OF MARKET 13 WEEK MOVING AVERAGE

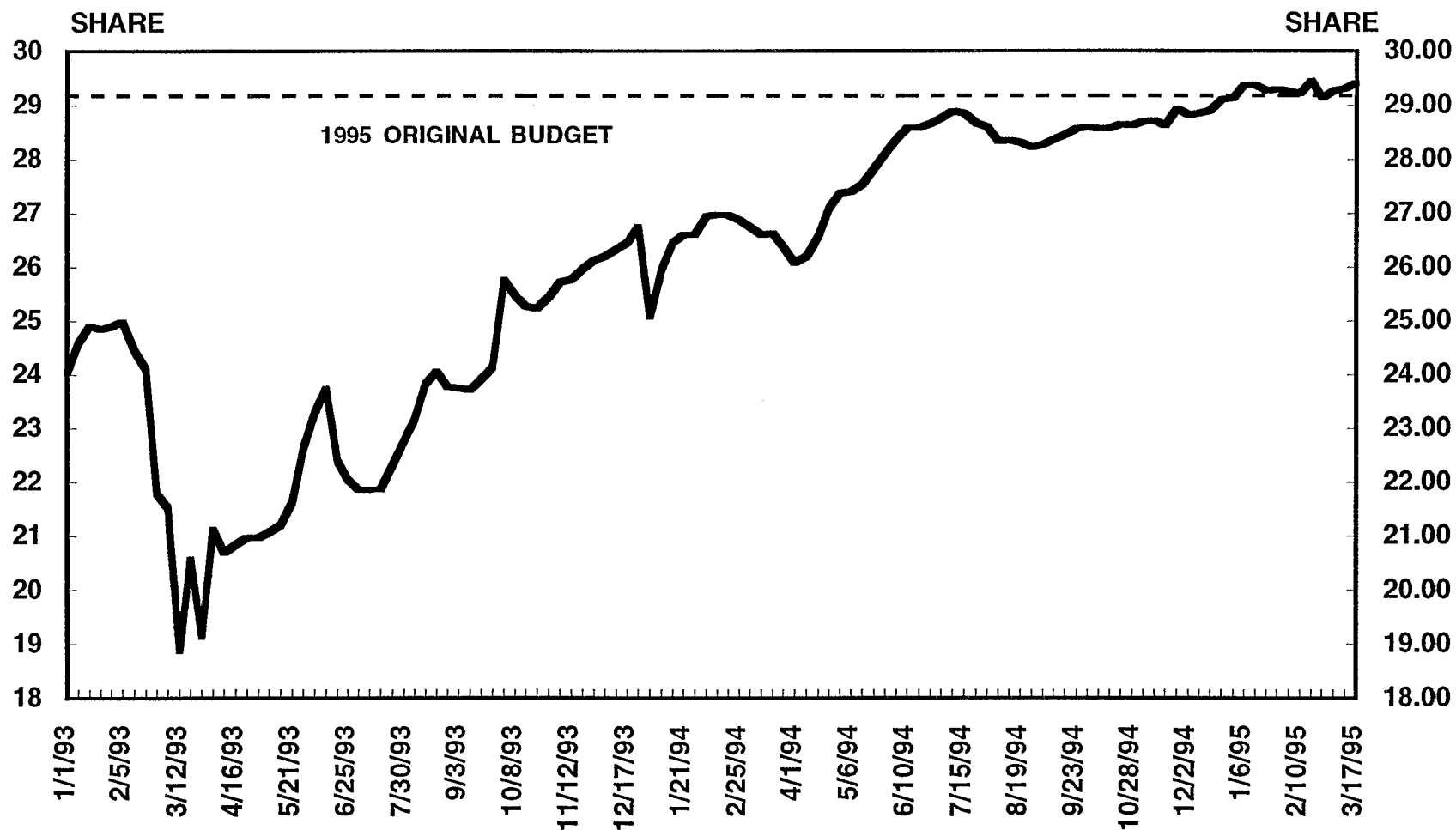


SOURCE: MSA SHIPMENTS

13WM BRANDS Chart 1

2045857981

MARLBORO SHARE OF MARKET 13 WEEK MOVING AVERAGE

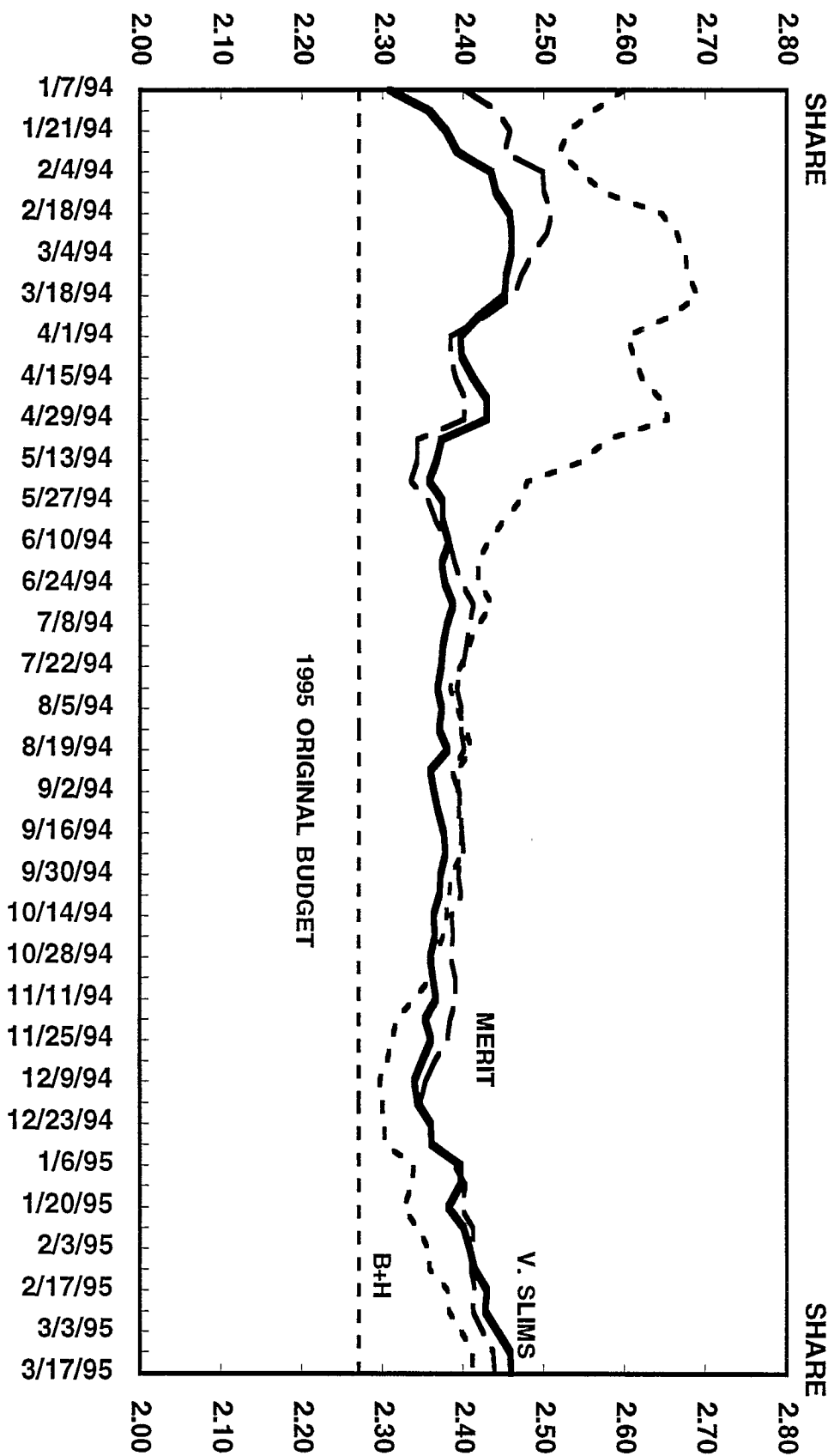


SOURCE: MSA SHIPMENTS

13WM BRANDS Chart 2

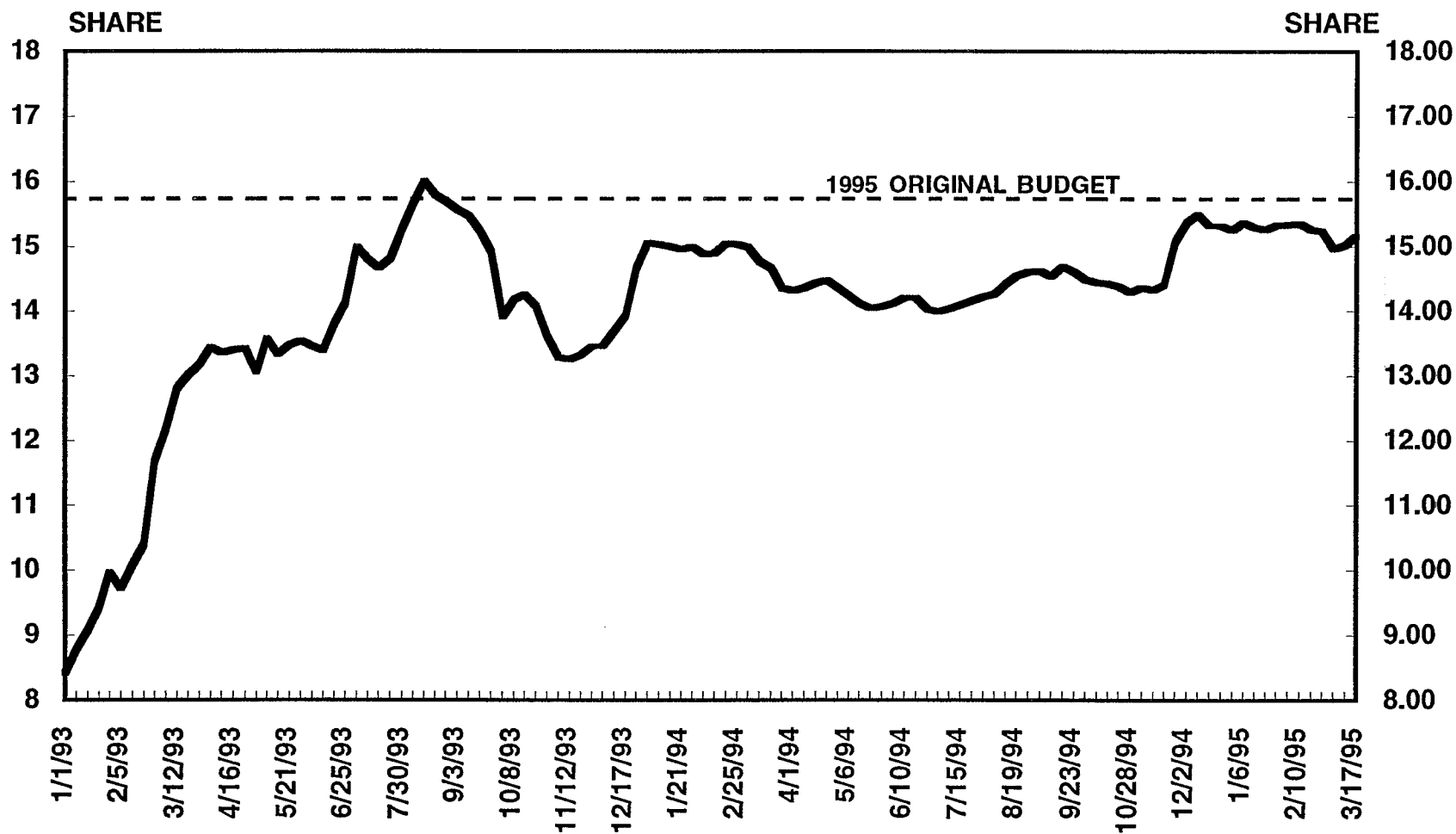
2045857982

B+H, MERIT AND V. SLIMS SHARE OF INDUSTRY 13 WEEK MOVING AVERAGE



68667585402

BASIC SHARE OF DISCOUNT 13 WEEK MOVING AVERAGE

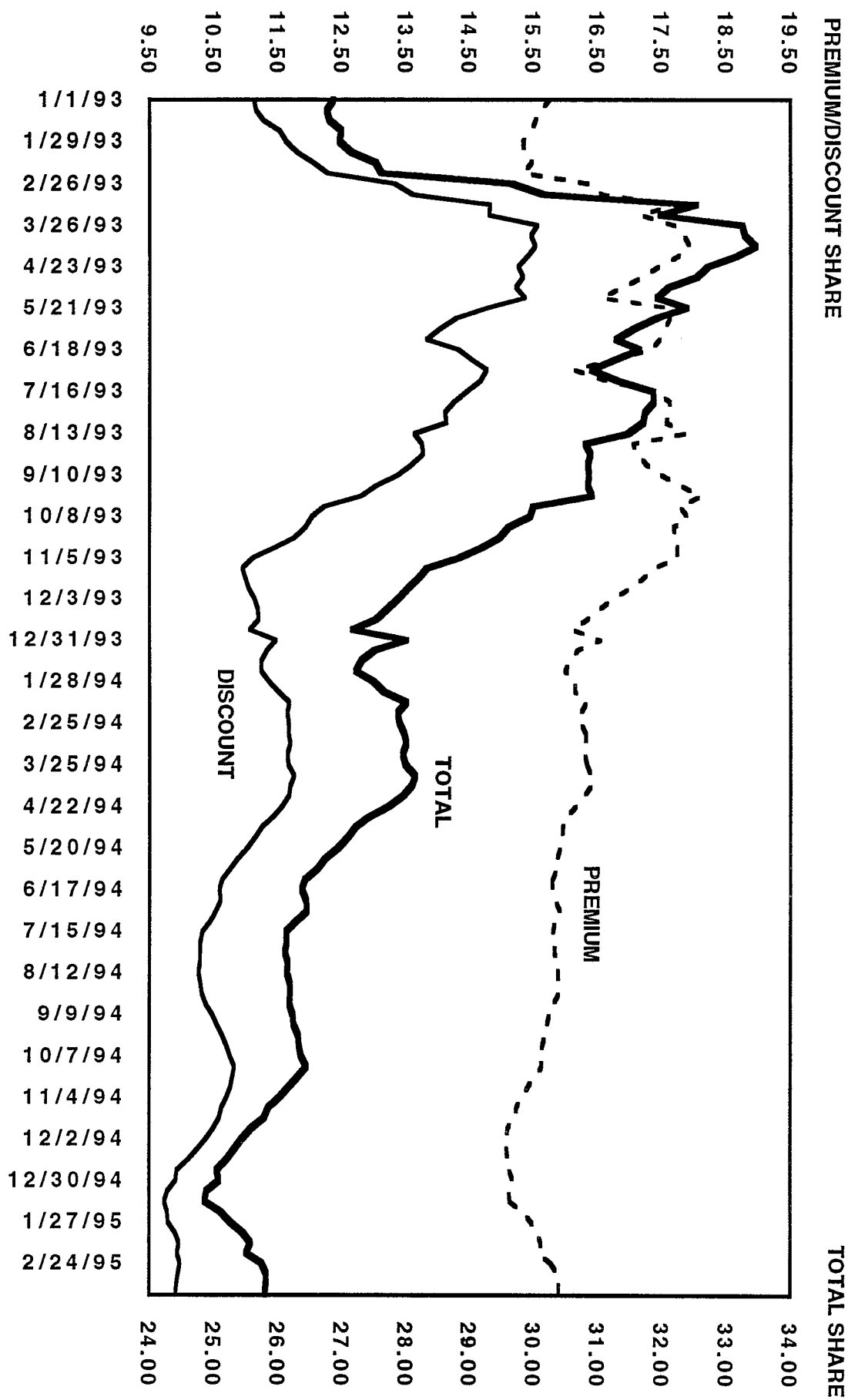


SOURCE: MSA SHIPMENTS

13WM BRANDS Chart 4

2045857984

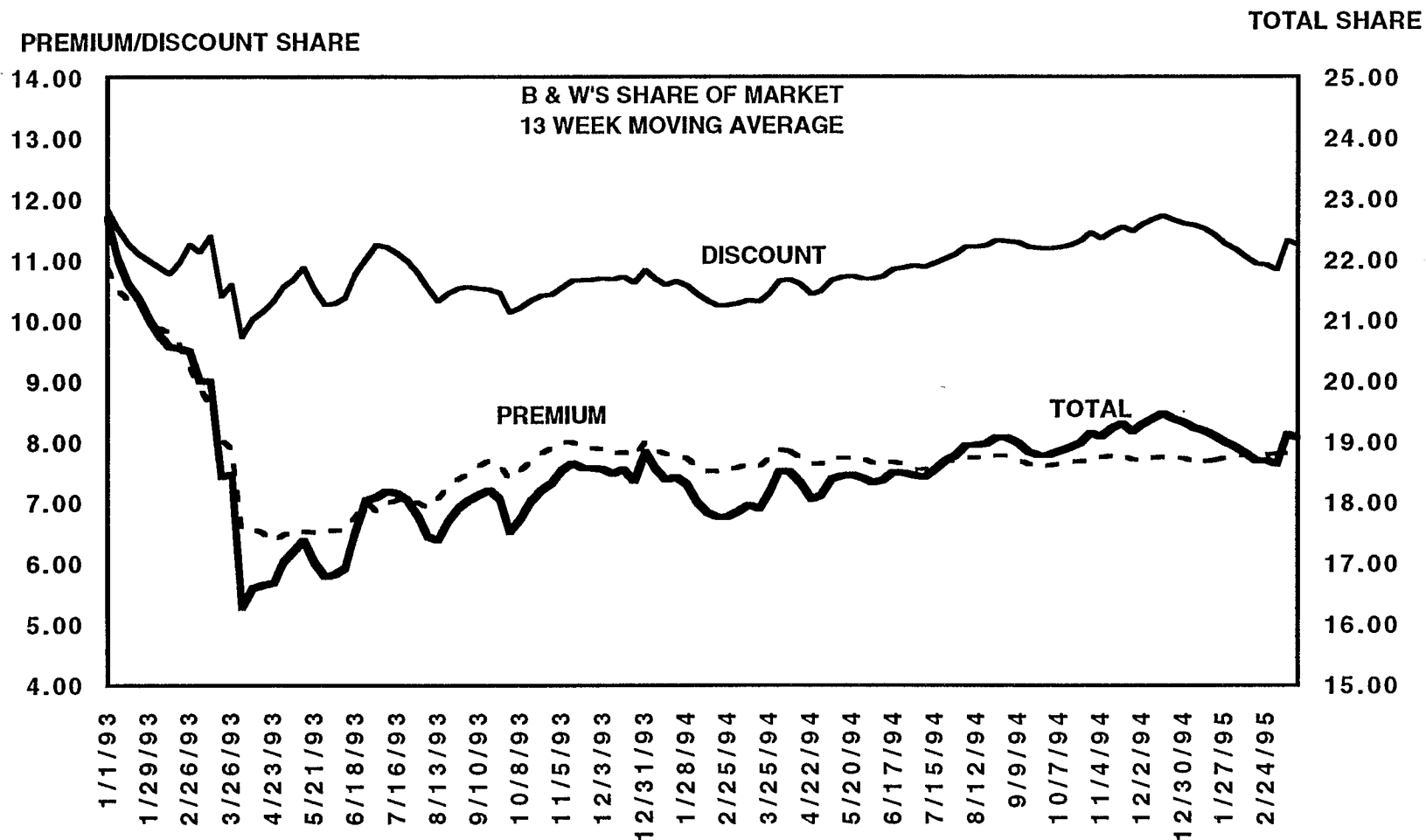
RJR SHARE OF MARKET
13 WEEK MOVING AVERAGE



SOURCE: MSA SHIPMENTS

5862585402

B & W's RECENT SHARE PERFORMANCE WAS DRIVEN BY DISCOUNT. LOSSES DURING 1995 ARE PRIMARILY DUE TO MONTCLAIR PARTIALLY OFFSET BY SMALLER GPC GAINS.

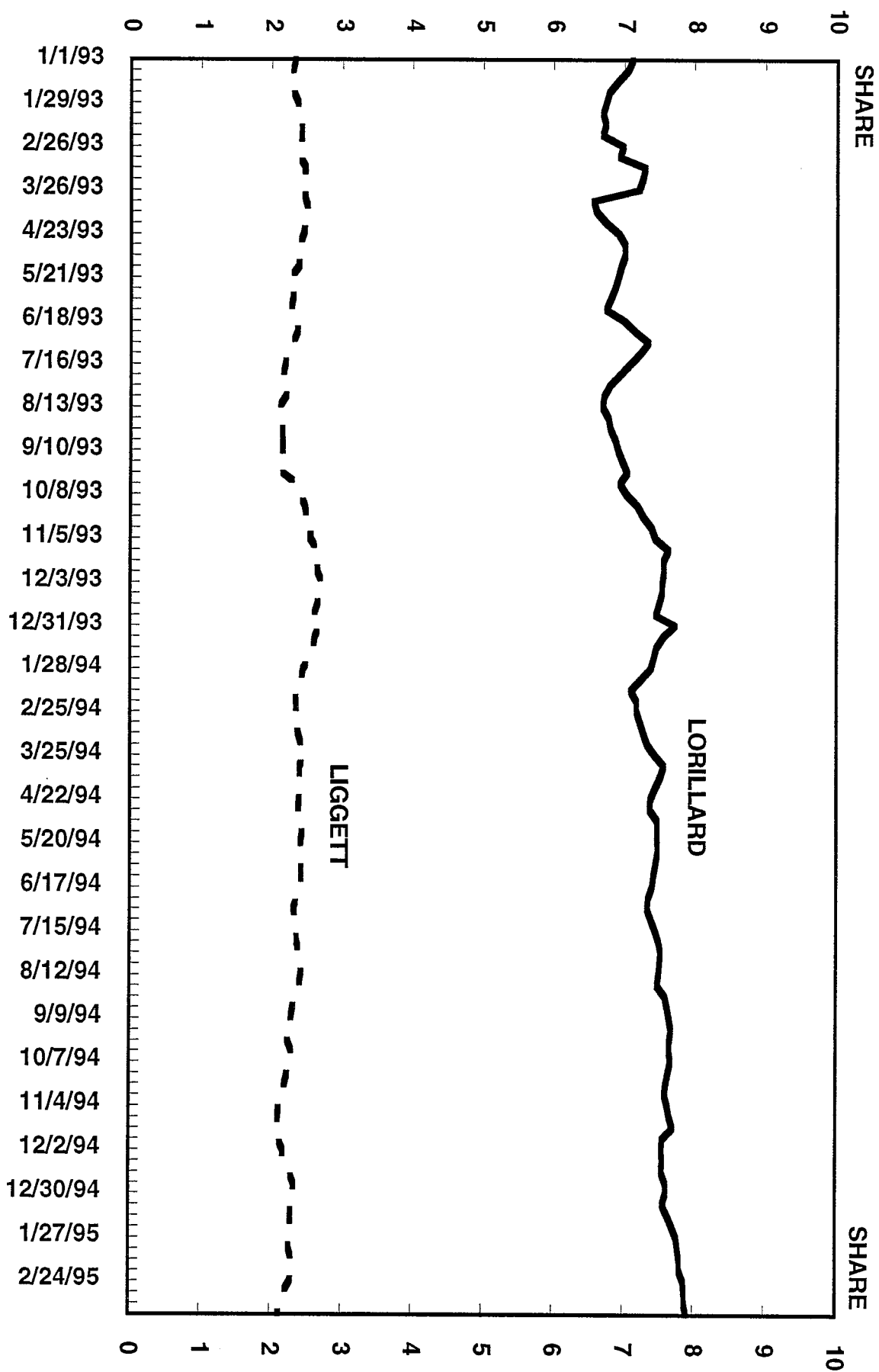


SOURCE: MSA SHIPMENTS

13 WM SHARES B&W, RJR Chart 8

2045857986

COMPETITORS' SHARE OF MARKET 13 WEEK MOVING AVERAGE



SOURCE: MSA SHIPMENTS

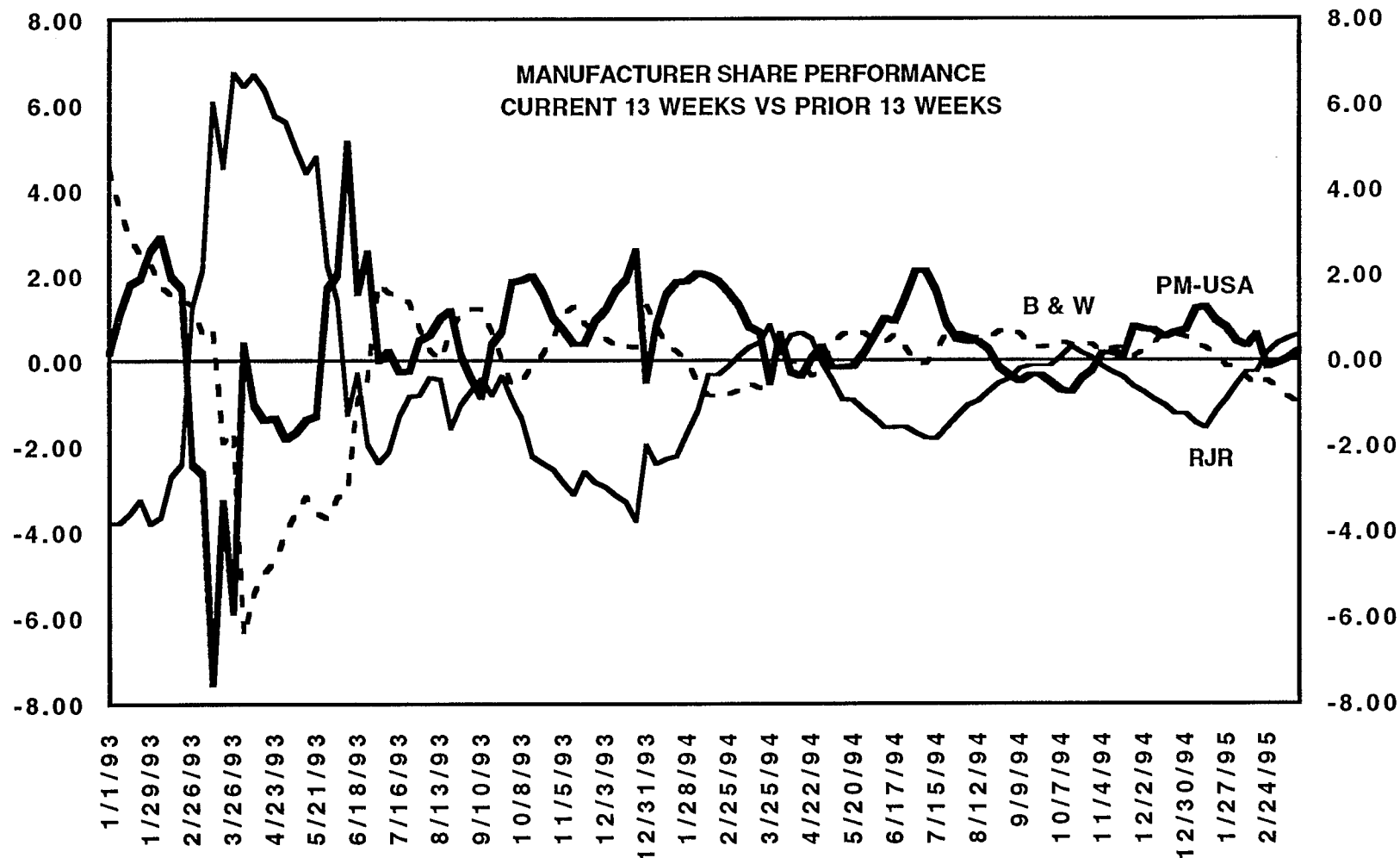
13 WM COMPANY SHARES Chart 3

204585402

PM HAS HAD THE GREATEST INTERACTION WITH RJR.
 PM's GROWTH CYCLES HAVE BEEN PREMIUM DRIVEN, WHILE B+W's REMAIN
 RELATED TO DISCOUNT PROMOTIONS. RJR'S HAS RECENTLY SWITCHED TO
 PREMIUM.

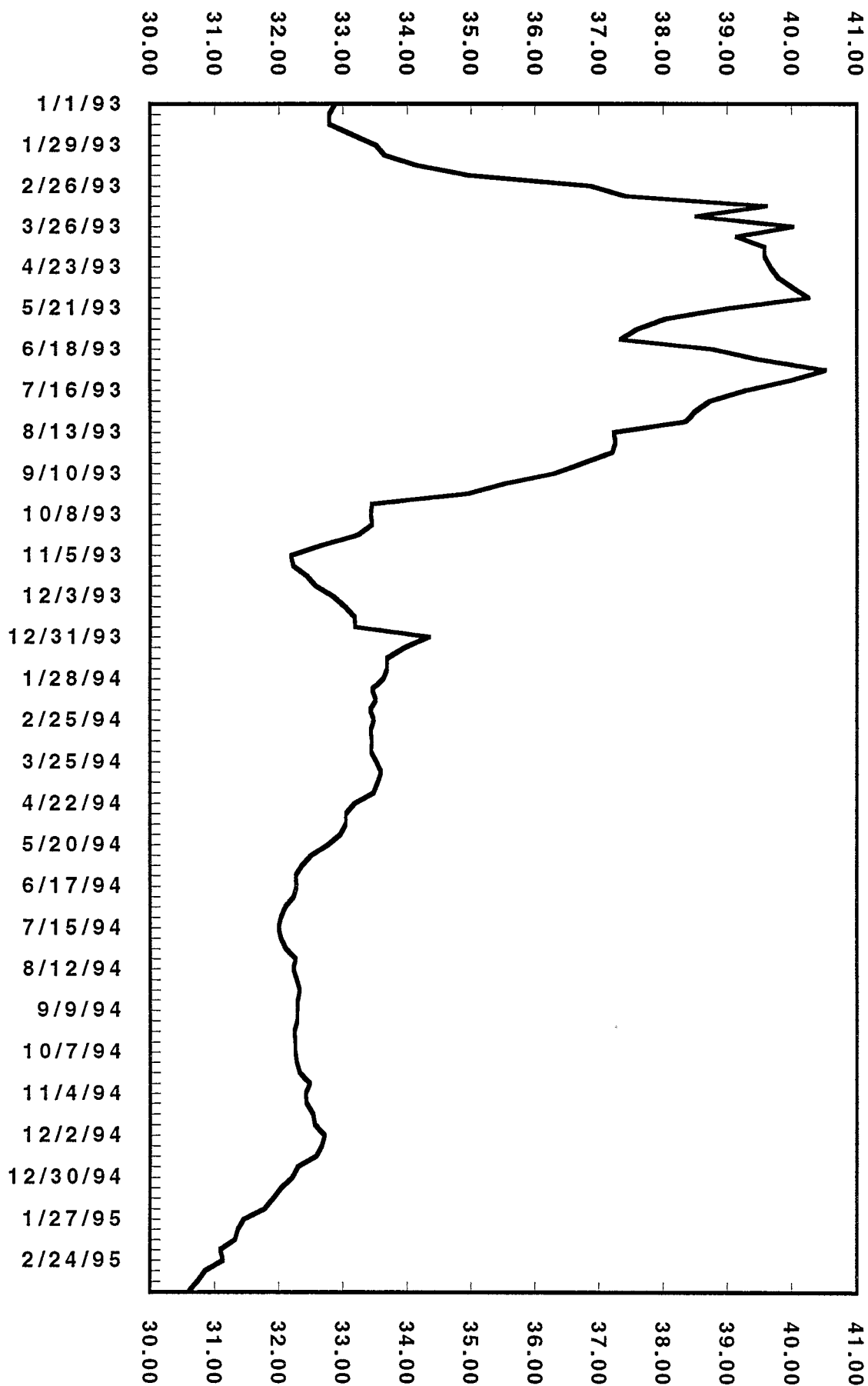
SHARE CHANGE

SHARE CHANGE



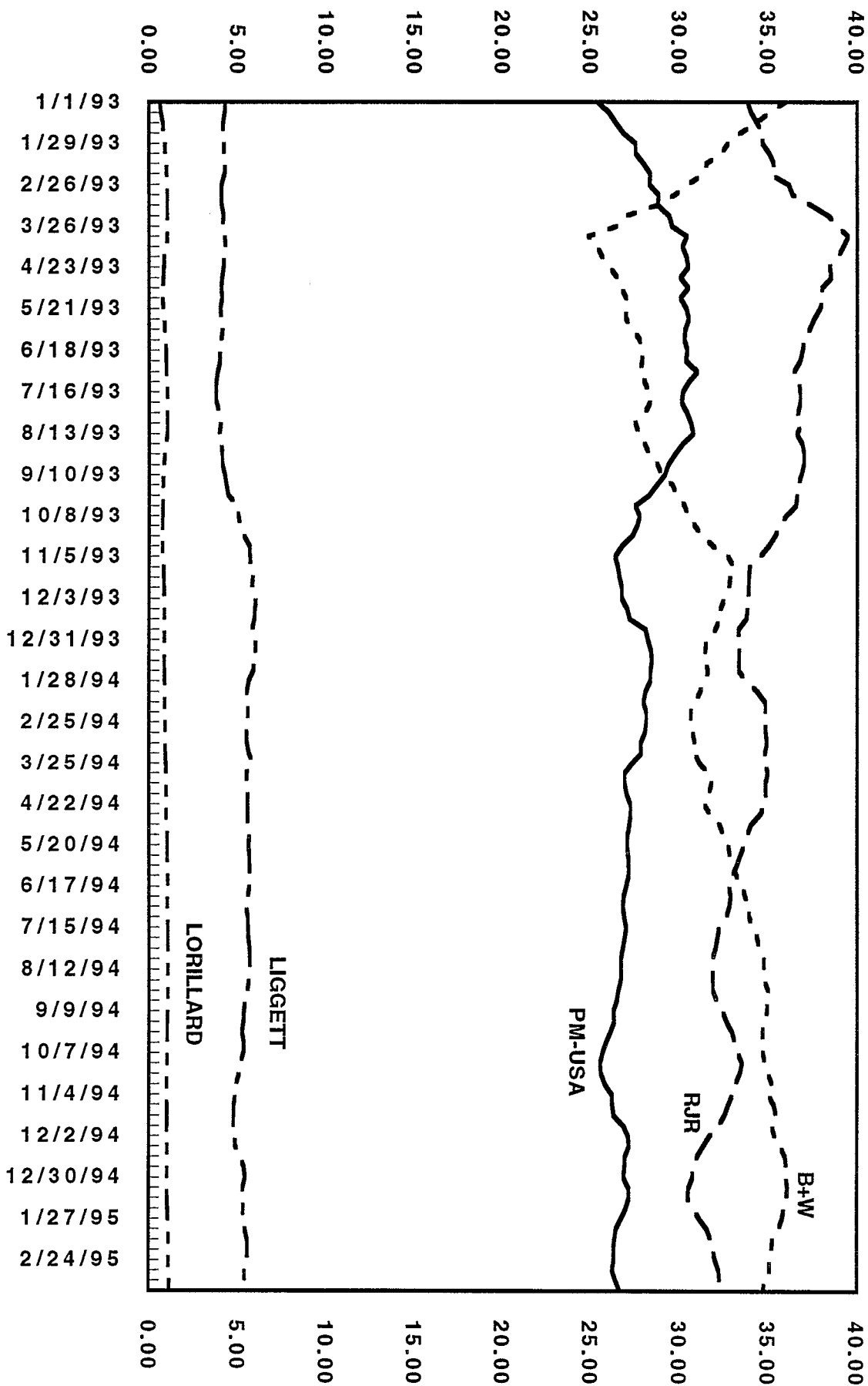
2045857988

DISCOUNT SHARE OF INDUSTRY 13 WEEK MOVING AVERAGE



6862585702

COMPANIES SHARE OF TOTAL DISCOUNT 13 WEEK MOVING AVERAGE



13WM GRAPHS Chart 2

2045857990

Philip Morris USA

Trigger Points

PM-USA PERFORMANCE TRIGGERS FOR DISCUSSION (4wm Nielsen, Consumer Tracking Trend, Nielsen Pricing)

| <u>Measures</u> | <u>Trigger 1st half 1995</u> | <u>Latest Data 4wm</u> | <u>1995 O.B.</u> | <u>1994</u> | <u>4Q 1994</u> |
|--|--------------------------------------|--------------------------------|------------------|-------------|----------------|
| • Marlboro share of Market | 29.6 | 30.5 | 29.6 | 28.6 | 29 |
| • Marlboro share of young adult smoker volume | 59.0 | 61.7 ** | n/a | 58.6 | 60.9 |
| • Marlboro share of young adult smokers | 60.0 | 63.1 ** | n/a | 61.3 | 61.8 |
| • Premium Category share of market | 69.3 | 70.4 | 68.5 | 68.5 | 69.5 |
| • Basic share of Discount Category | 15.2 | 15.4 | 15.8 | 14.5 | 14.7 |
| • Basic less GPC share of market | -0.5 | -0.8 | n/a | -0.3 | -0.5 |
| • Total Branded Products share of market | 92.8 | 93.5 | 93.1 | 92.8 | 93.3 |
| • Marlboro vs. Lowest Discount pack price gap* | 65¢ | 63¢ | n/a | 59¢ | 59¢ |
| • PM-USA share of market | 46.5 | 47.3 | 47.0 | 46.2 | 46.4 |

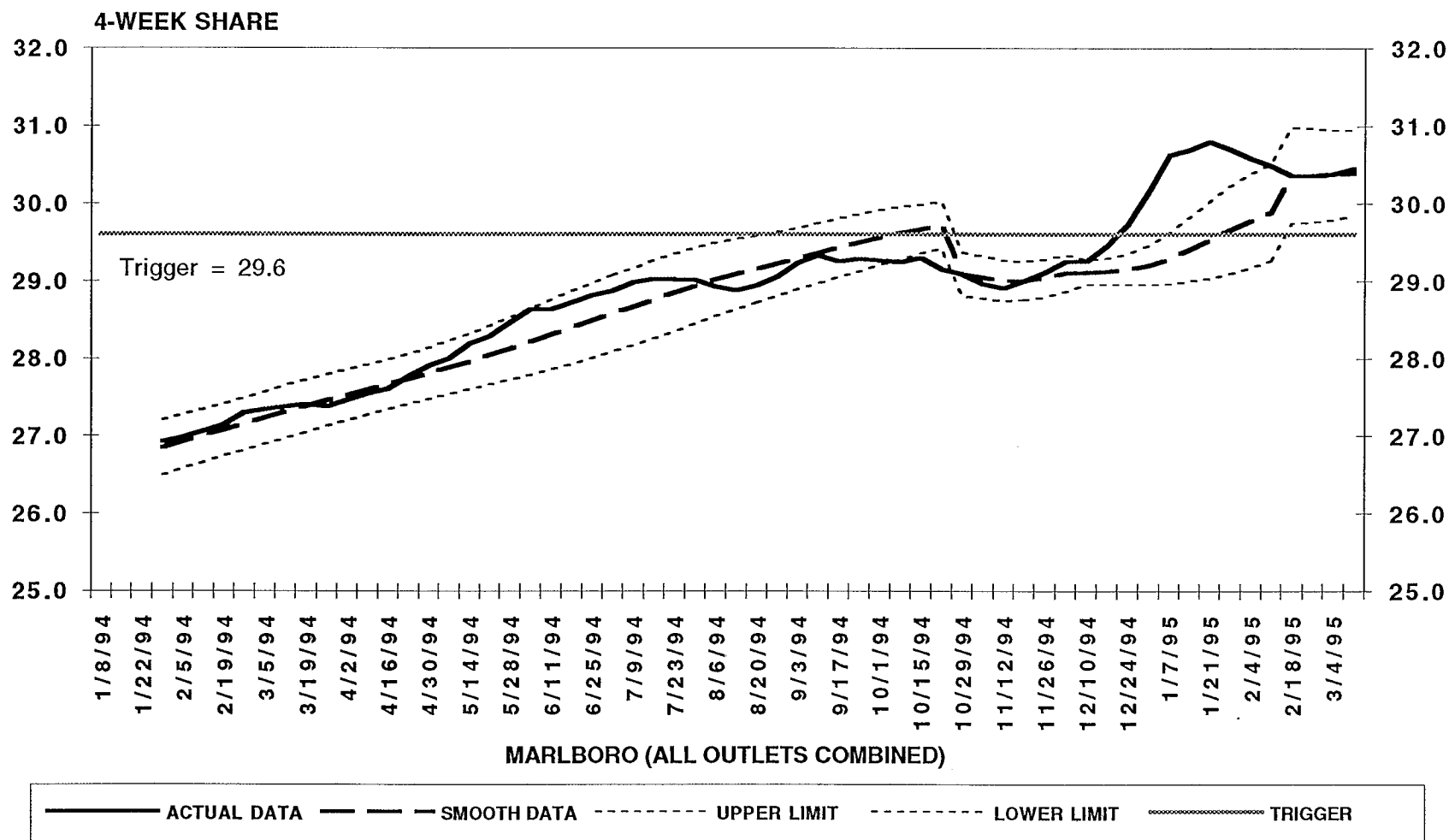
Note:

* New Nielsen pricing panel data are shown for 1995, while 1994 data reflects old pricing panel.

** Latest smoothed trend point (Jan)

1662989702

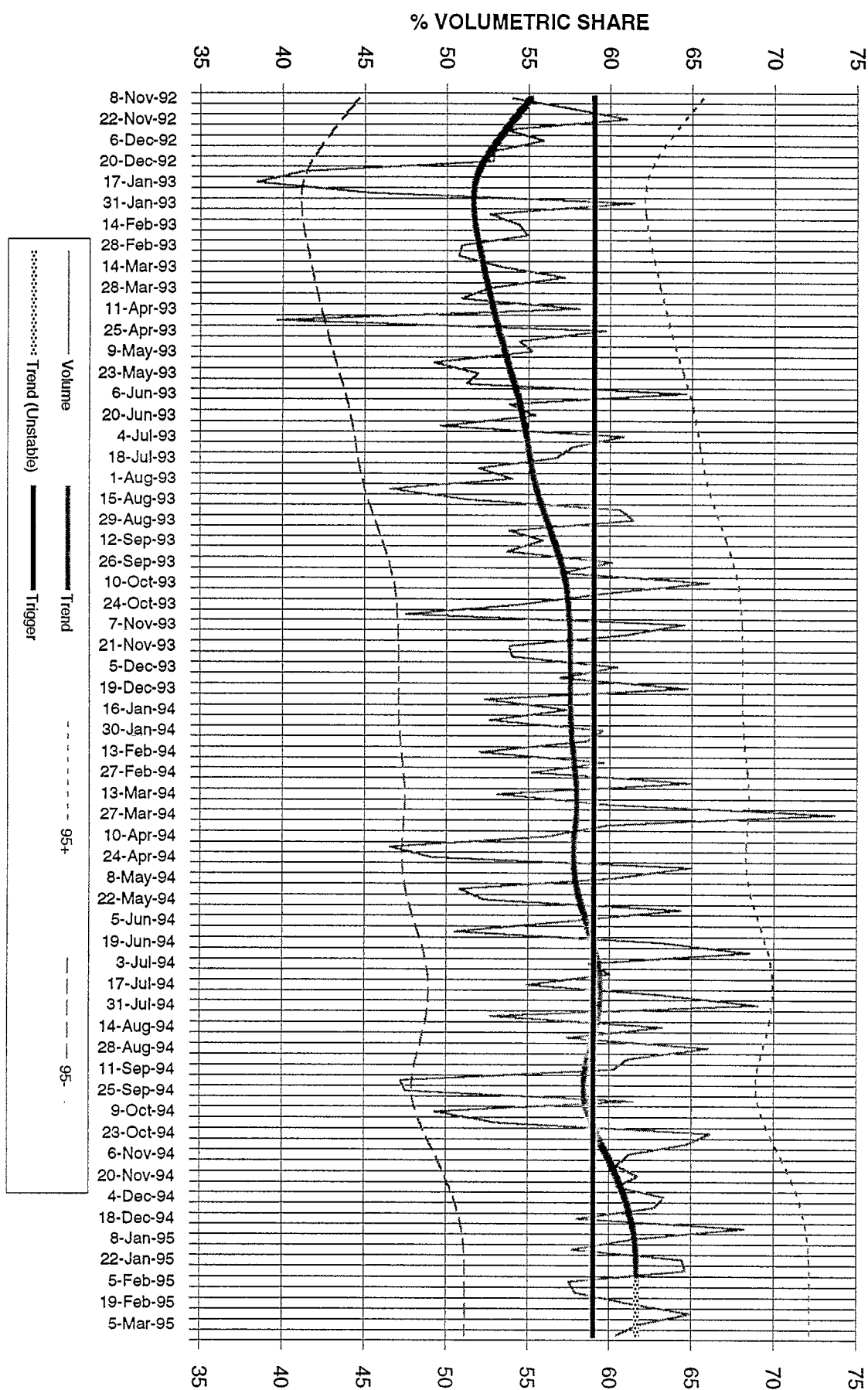
Marlboro 4 WM Share Total U.S. All Outlets Combined



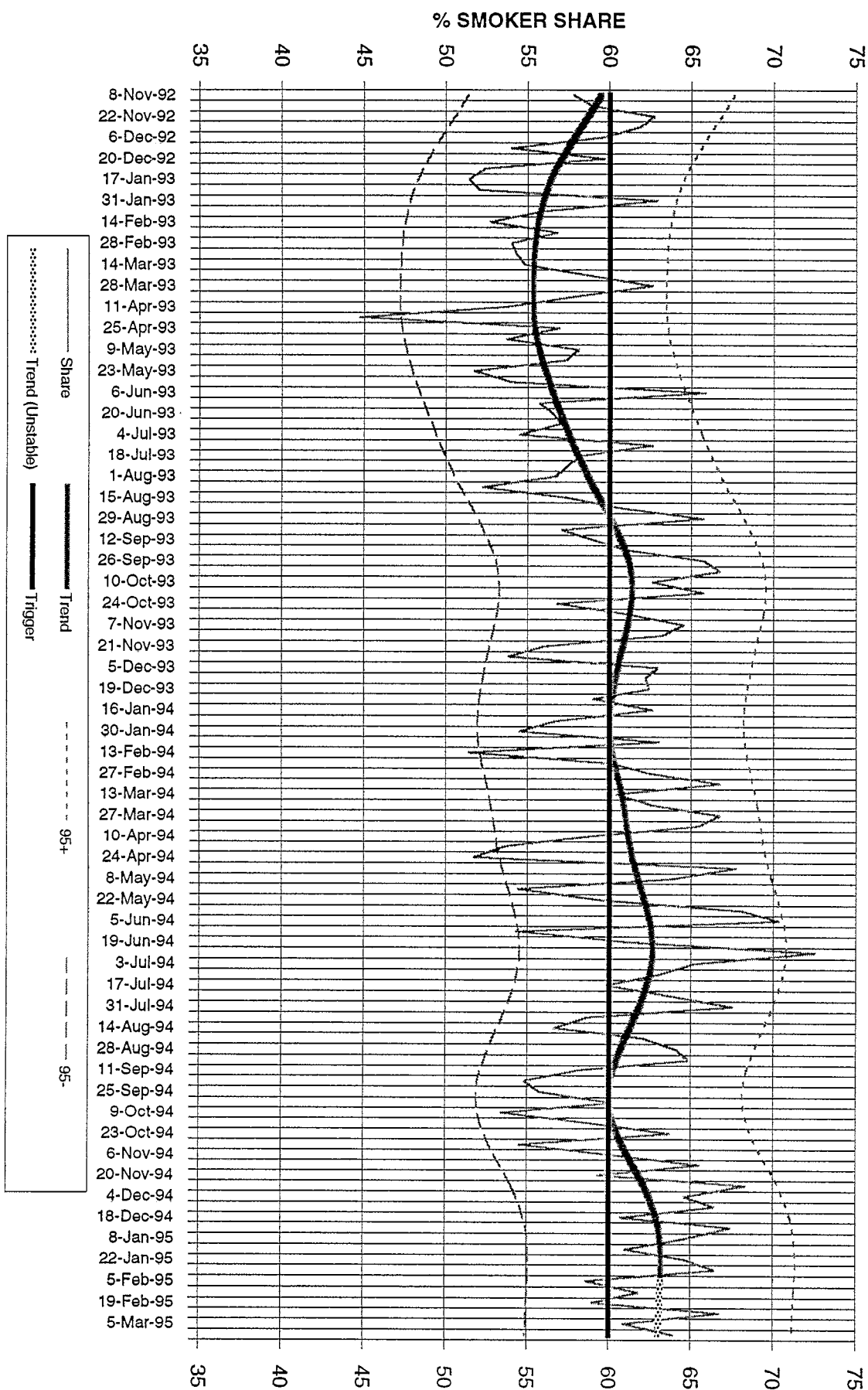
Source: Nielsen Integrated Panel

2045857992

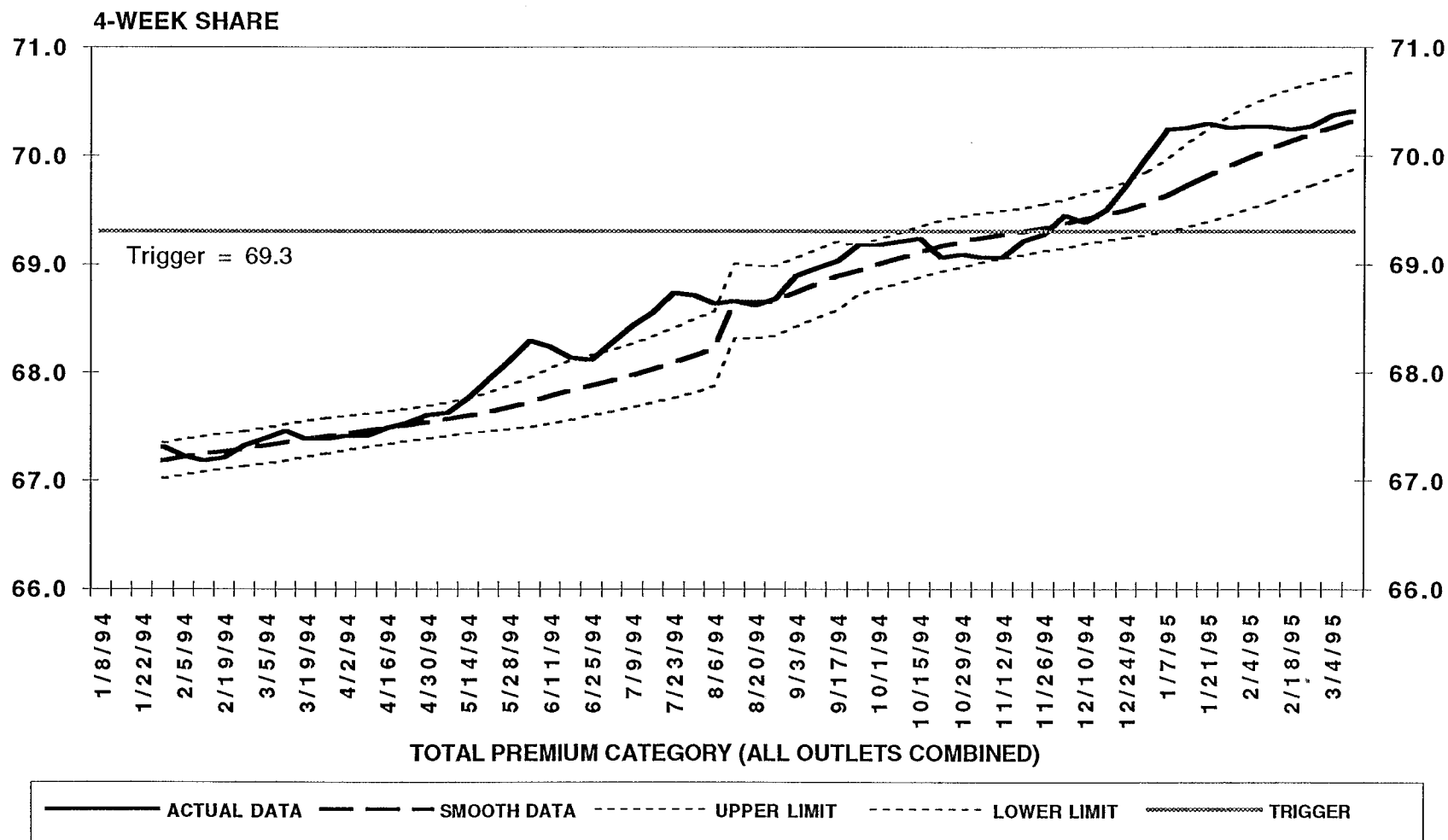
MARLBORO VOLUMETRIC SHARE (AMONG 18-24 SMOKERS)



MARLBORO SMOKER SHARE (AMONG 18-24 SMOKERS)



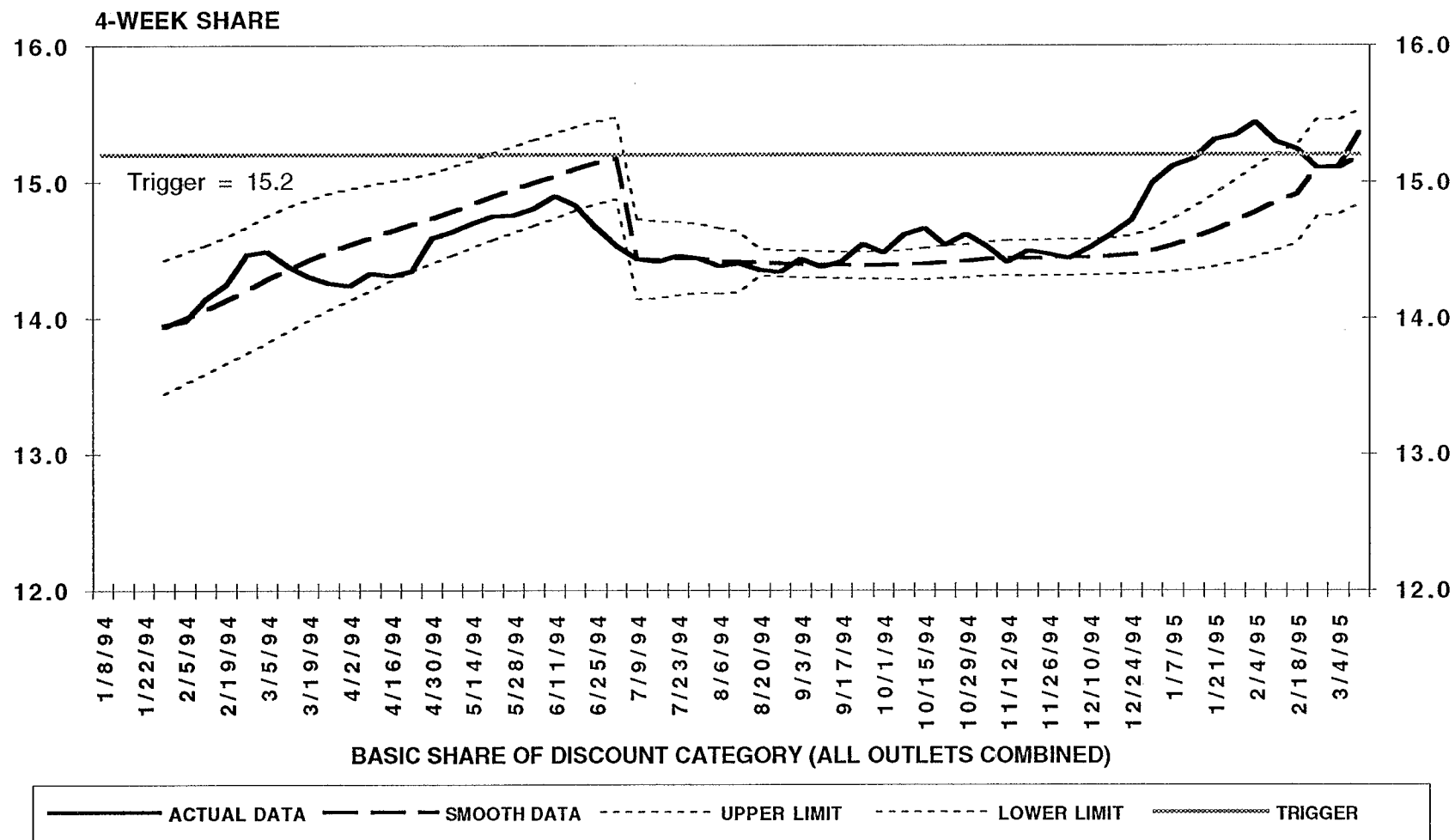
**Total Premium Category 4 WM Share
Total U.S. All Outlets Combined**



Source: Nielsen Integrated Panel

2045857995

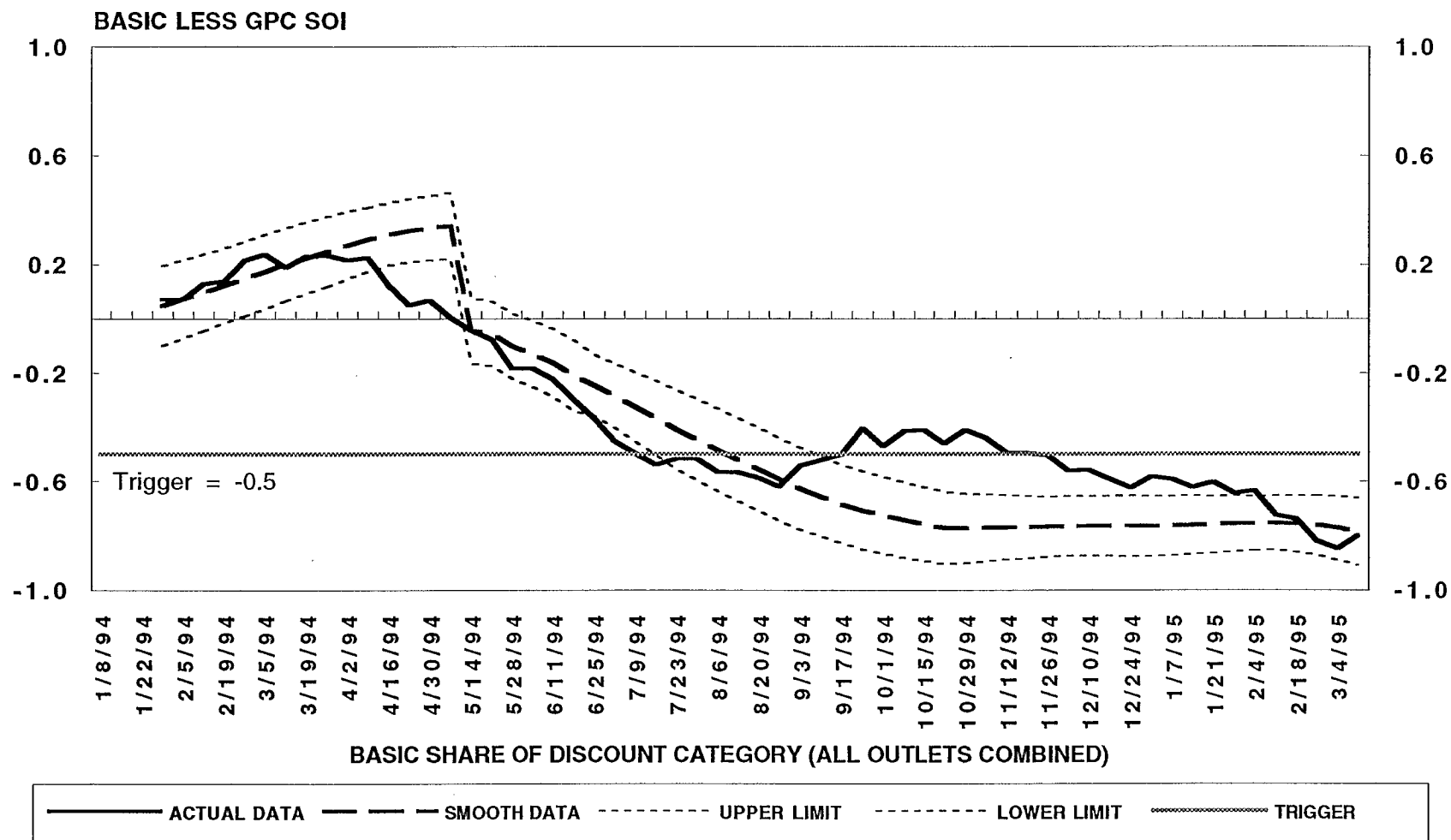
Basic SOC 4 WM Share Total U.S. All Outlets Combined



Source: Nielsen Integrated Panel

9662989102

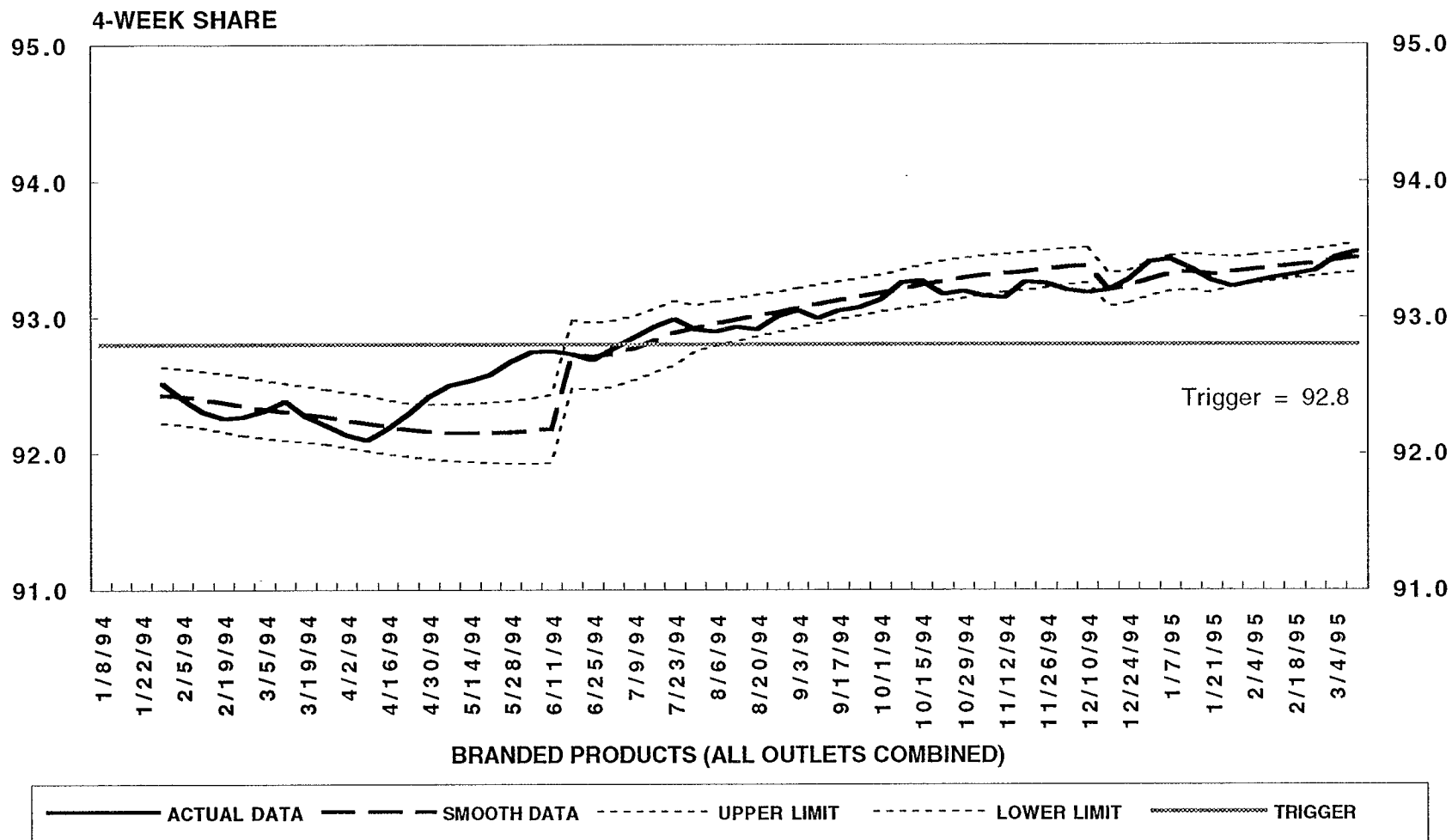
**4 WM Basic Less GPC SOI
Total U.S. All Outlets Combined**



Source: Nielsen Integrated Panel

2045857997

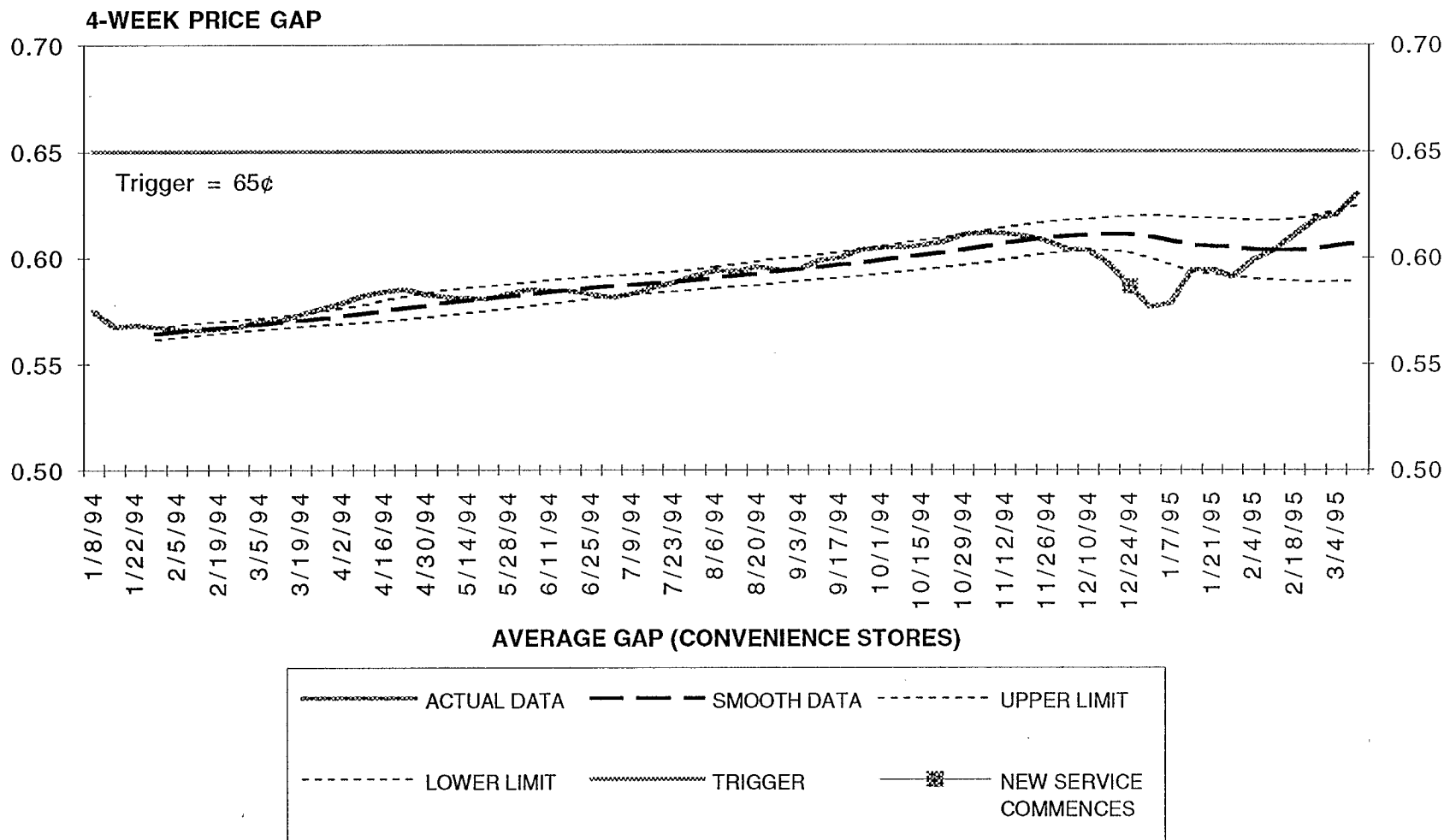
Branded Products 4 WM Share Total U.S. All Outlets Combined



Source: Nielsen Integrated Panel

2045857998

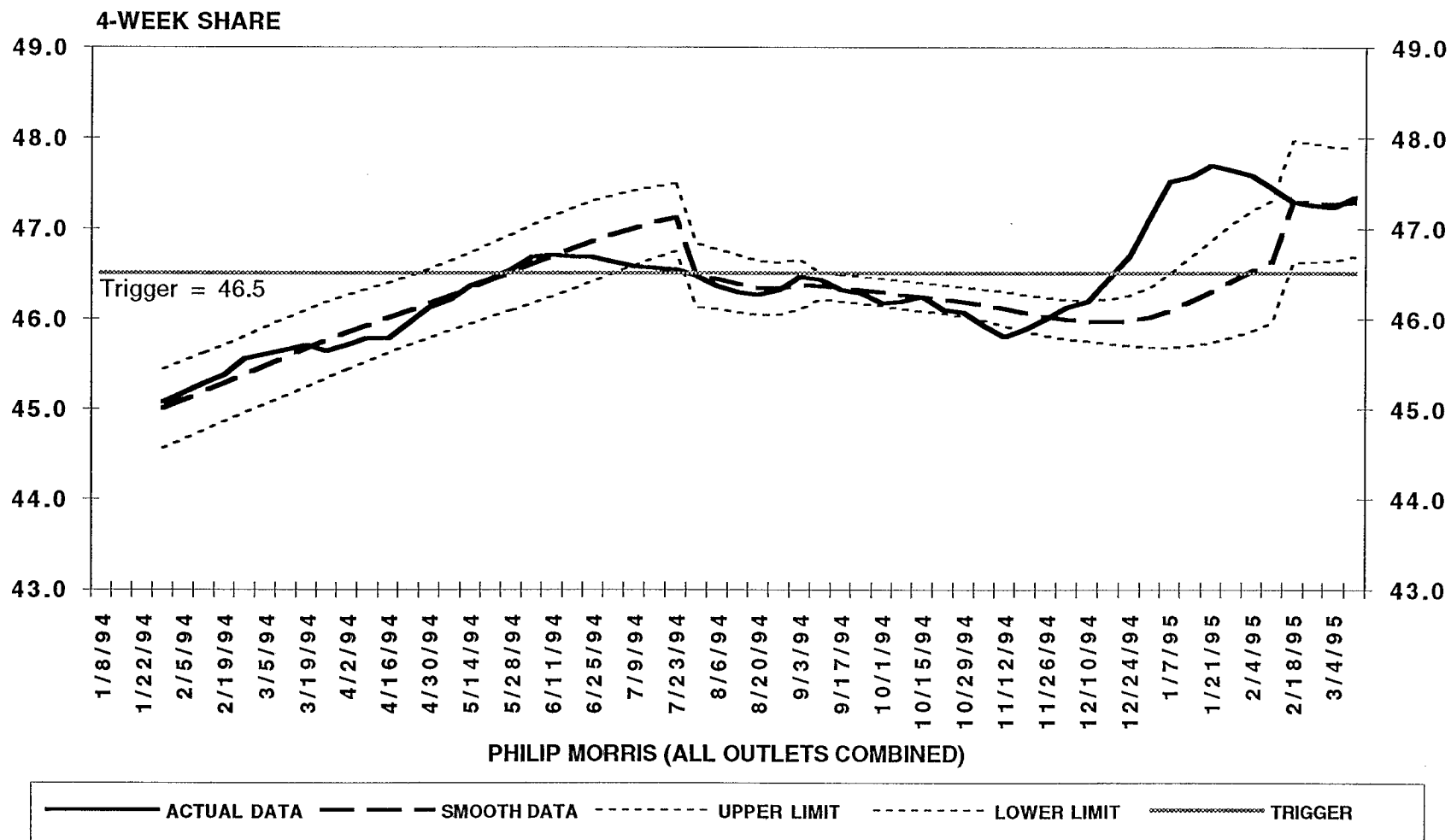
**Marlboro - Lowest Discount Price Gap (4WM)
Total U.S. Convenience Stores**



Source: Nielsen Pricing Database

2045857999

Philip Morris 4 WM Share Total U.S. All Outlets Combined



Source: Nielsen Integrated Panel

2045858000

PRICING - W/E 3/11/95PERFORMANCE ISSUES

| <u>PRICES</u> | <u>3/11/95</u> | <u>CHANGE VERSUS</u> | | |
|--|----------------|----------------------|------------------|---------------|
| | | <u>WK AGO</u> | <u>4 WKS AGO</u> | <u>1/7/95</u> |
| • C-store Pack Gap increased as Lowest Discount decreased. | | | | |
| \$ Gap | \$0.63 | \$0.01 | \$0.03 | \$0.04 |
| % Gap | 49% | 2% | 3% | 4% |
| • Supermarket Carton Gap fairly stable YTD | | | | |
| \$ Gap | \$4.41 | \$0.01 | \$0.10 | \$0.18 |
| % Gap | 36% | 0% | 1% | 1% |
| <u>INCIDENCE</u> | | | | |
| • Basic's price disadvantage w/Lowest | | | | |
| • Incidence decreased | 77% | 2% | 0% | (3%) |
| • Avg \$ Disadvantage stable | \$0.31 | \$0.00 | \$0.01 | (\$0.02) |
| • ≤99¢ Incidence increased | 18% | 1% | 1% | 0% |
| • Montclair money-off incidence increased | 21% | 3% | (2%) | (8%) |
| • Misty money-off incidence increased | 29% | 4% | 4% | 1% |
| • GPC money-off incidence increased | 49% | 3% | 0% | 2% |

1008585102

THE AVERAGE PACK PRICE GAP INCREASED +1¢ TO 63¢ OR 48.8% AS ADDITIONAL PROMOTIONAL SUPPORT ON MISTY, GPC, MONTCLAIR, AND MONARCH REDUCED THE LOWEST DISCOUNT PRICE -2¢.

**C-STORE
PACKS**

| | <u>1/7/95</u> | <u>2/25/95</u> | <u>3/4</u> | <u>3/11</u> | <u>Change Prior Week</u> |
|-----------------|---------------|----------------|------------|-------------|------------------------------|
| Marlboro (net) | \$1.90 | \$1.93 | \$1.93 | \$1.92 | (\$0.01) |
| Lowest Discount | 1.31 | 1.30 | 1.31 | 1.29 | (\$0.02) |
| \$ Gap | 0.59 | 0.63 | 0.62 | 0.63 | \$0.01 |
| % Gap | 45.0% | 48.5% | 47.3% | 48.8% | \$0.02 |

**SUPERMARKET
CARTONS**

| | | | | | |
|-----------------|---------|---------|---------|-----|--------|
| Marlboro (net) | \$16.24 | \$16.58 | \$16.61 | N/A | \$0.03 |
| Lowest Discount | 12.03 | \$12.18 | \$12.20 | N/A | \$0.02 |
| \$ Gap | 4.21 | \$4.40 | \$4.41 | N/A | \$0.01 |
| % Gap | 35.0% | 36.1% | 36.1% | N/A | \$0.00 |

SOURCE: NIELSEN EXPANDED PRICING

3/22/95

2008585102

**FOR THE WEEK, PRICE GAPS INCREASED IN ALL GEOGRAPHIES
EXCEPT REGION 4 AS INCREASED PROMOTIONAL SUPPORT
ON DISCOUNT BRANDS REDUCED THE LOWEST DISCOUNT PRICE.**

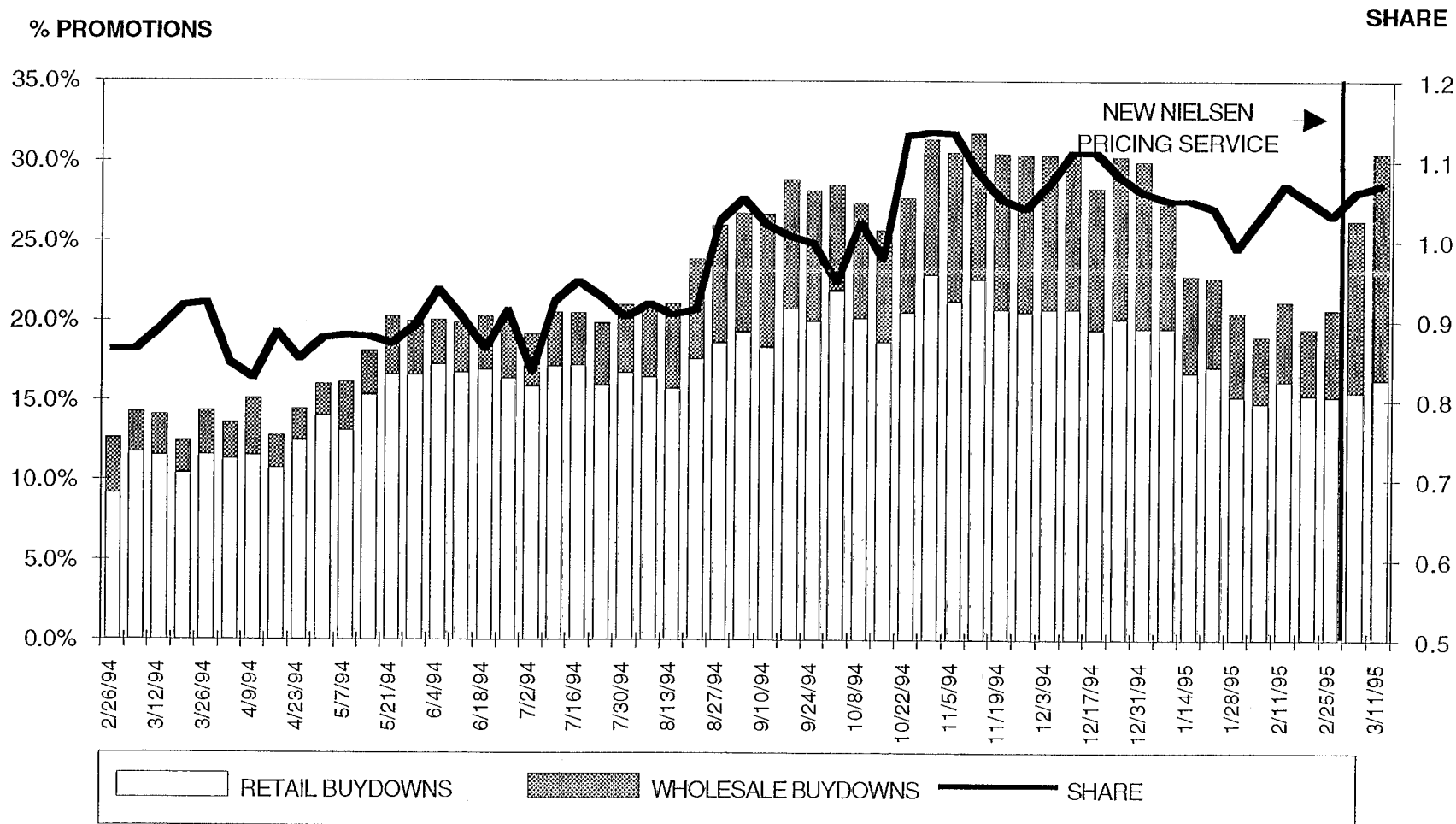
| | 3/11 | | | | | |
|----------|-----------------|----------------------------|---------------|--------------|--------------------------|----------------------------|
| | <u>Marlboro</u> | <u>Lowest Discount</u> | <u>\$ GAP</u> | <u>% GAP</u> | <u>Chg. vs. WAGO</u> | <u>4 WK vs. 4 WAGO</u> |
| NATIONAL | 1.92 | 1.29 | \$0.63 | 48.8% | \$0.01 | \$0.03 |
| R1 | 2.09 | 1.48 | \$0.61 | 41.2% | \$0.01 | \$0.00 |
| R2 | 1.76 | 1.14 | \$0.62 | 54.4% | \$0.02 | \$0.02 |
| R3 | 1.90 | 1.28 | \$0.62 | 48.4% | \$0.02 | \$0.01 |
| R4 | 1.90 | 1.31 | \$0.59 | 45.0% | \$0.00 | \$0.02 |
| R5 | 2.05 | 1.35 | \$0.70 | 51.9% | \$0.01 | \$0.01 |

SOURCE: NIELSEN PRICING AUDIT

2045858003

3/22/95

MISTY'S MONEY-OFF PROMOTIONAL SUPPORT INCREASED WEEK TO WEEK WHILE SHARE REMAINED RELATIVELY STABLE.

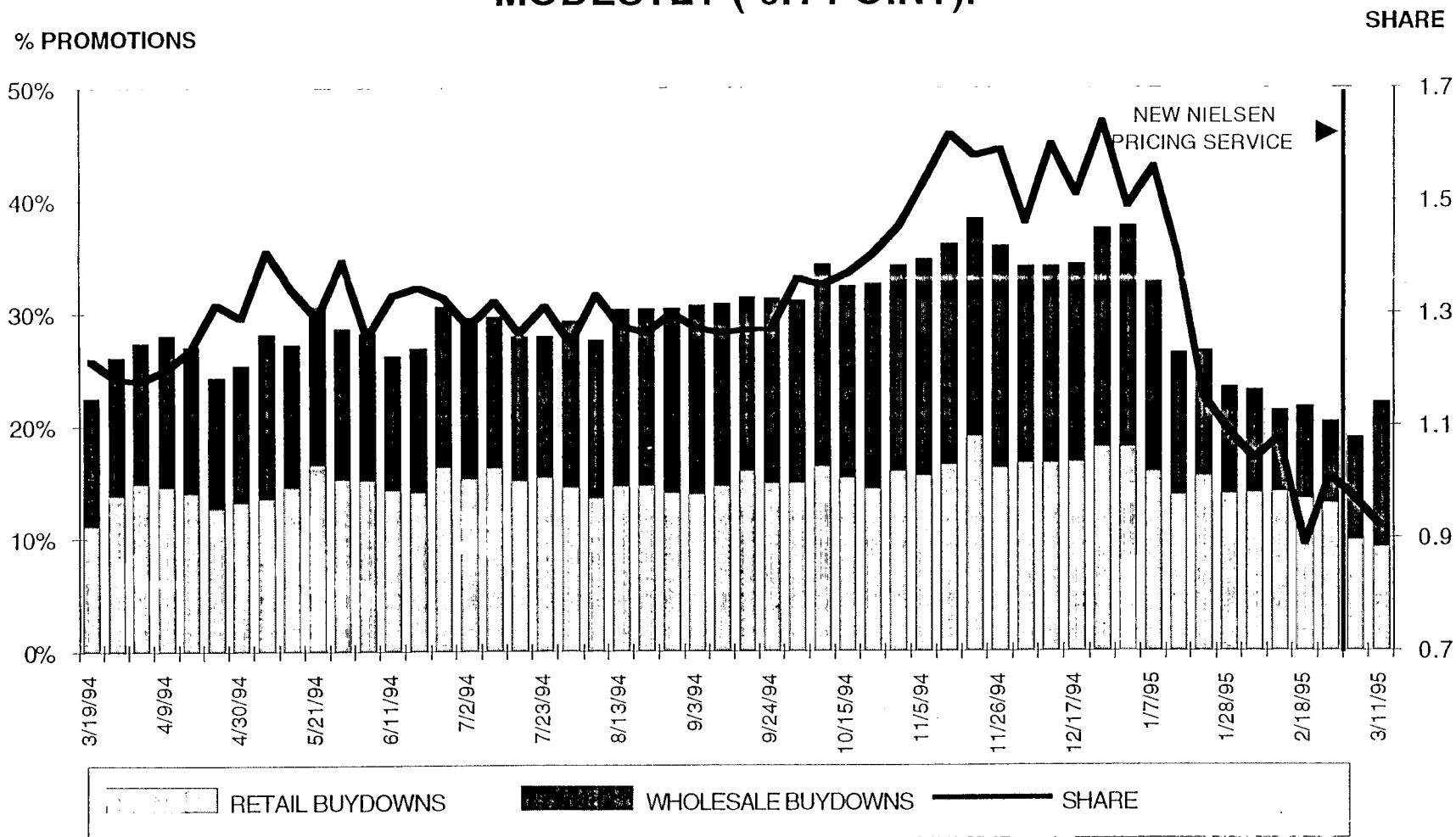


Source: Nielsen Pricing Audit thru 2/25, Nielsen Expanded Pricing 3/4 thru current, Nielsen Integrated

MISTY W/R BD Chart 4

2045858004

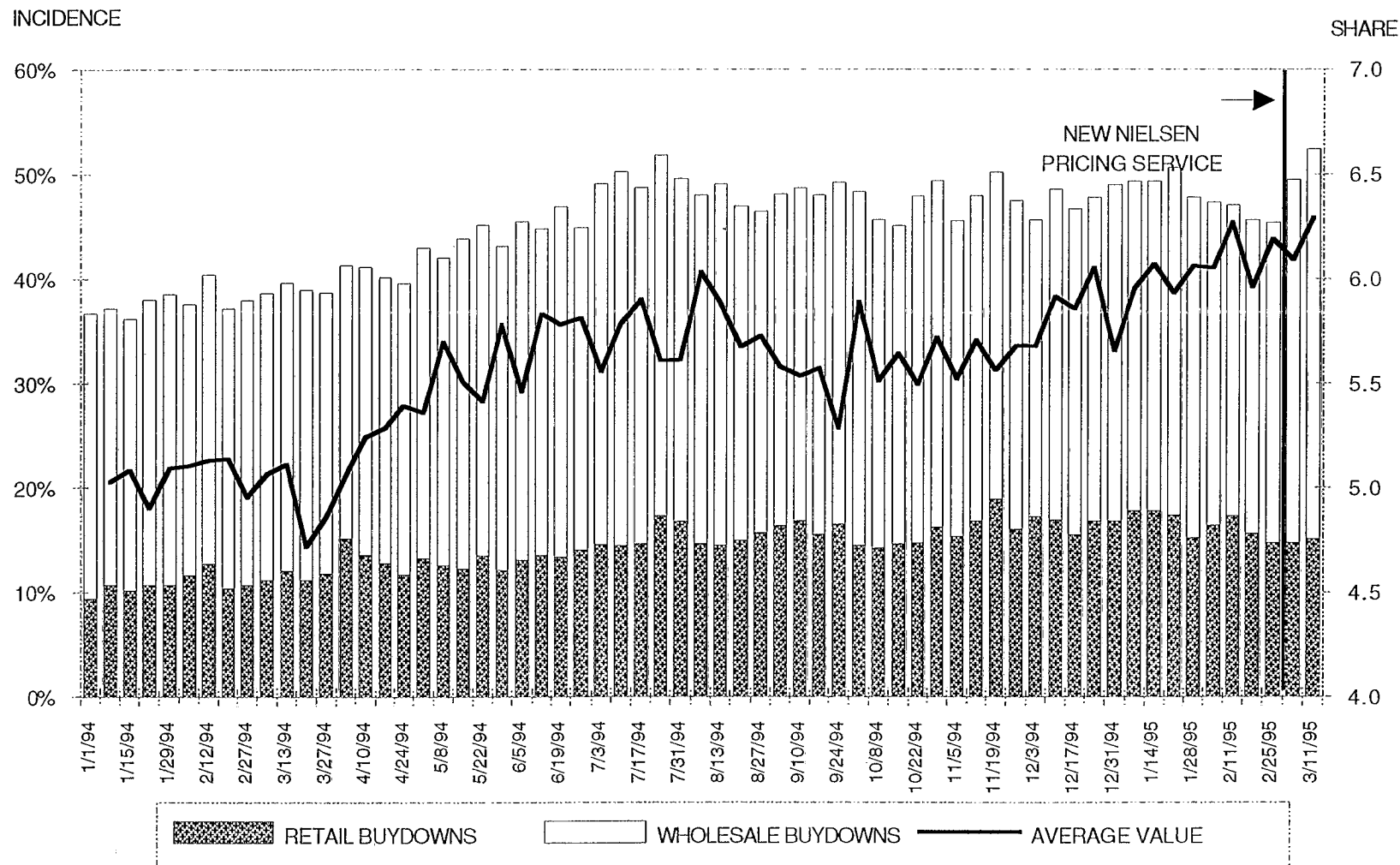
**MONTCLAIR MONEY-OFF PROMOTIONAL SUPPORT
INCREASED +3 POINTS TO 21% WHILE SHARE DECLINED
MODESTLY (-0.1 POINT).**



2045858005

Source: Nielsen Pricing Audit thru 2/25, Nielsen Expanded Pricing 3/4/95 thru current, Nielsen Integrated MONTCLAIR W/R Chart 6

GPC'S MONEY-OFF PROMOTIONAL SUPPORT AND SHARE INCREASED FOR THE WEEK.



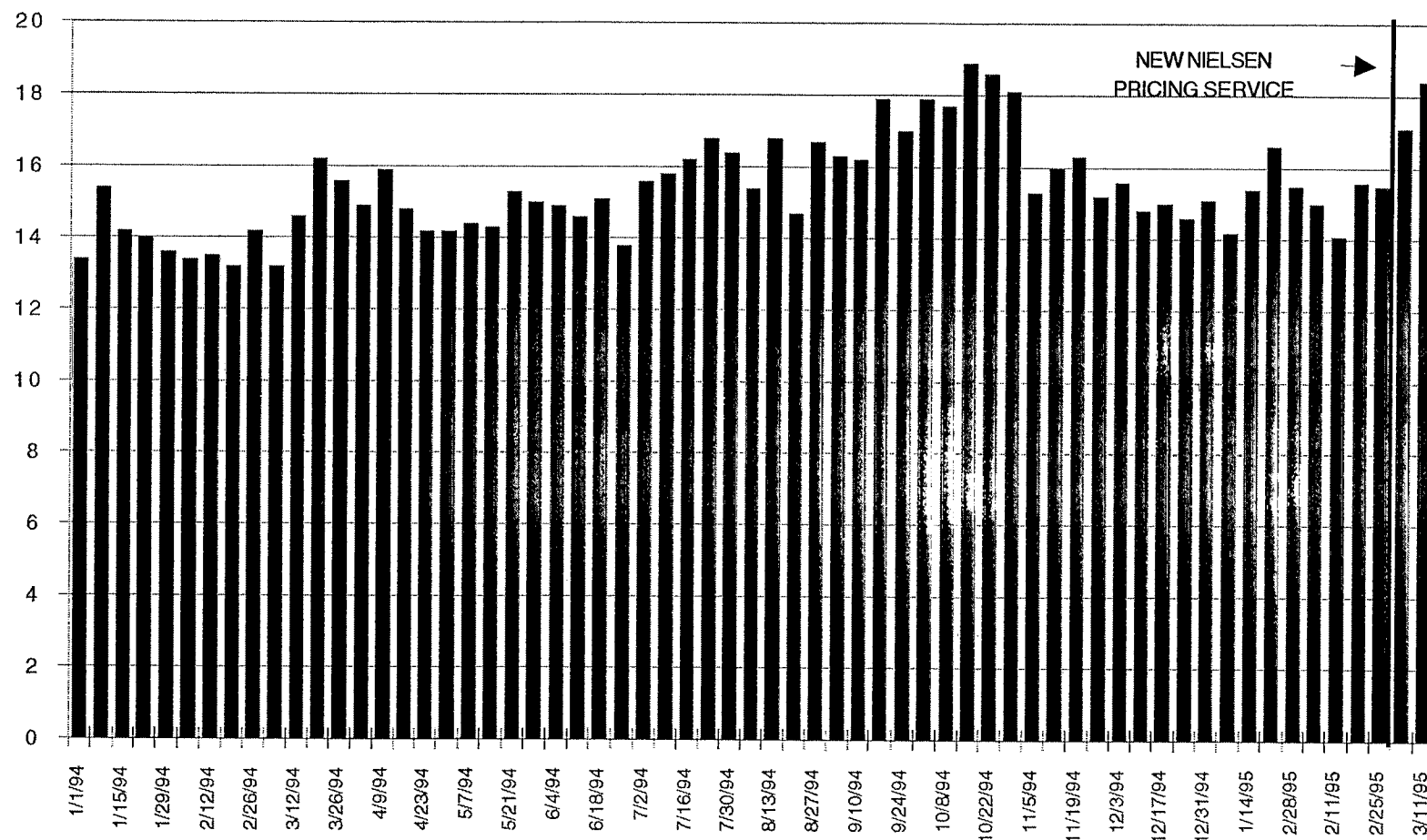
2045858006

SOURCE: NIELSEN PRICING AUDIT THRU 2/25, NIELSEN EXPANDED PRICING 3/4 THRU CURRENT

GPC BUYDOWNS W/R Chart 7

≤99¢ INCIDENCE INCREASED TO 18% OF C-STORES.

% STORES



SOURCE: NIELSEN PRICING AUDIT THRU 2/25, NIELSEN EXPANDED PRICING SERVICE 3/4 THRU CURRENT.

99¢ 1993-current Chart 1

2045858007

**≤99¢ INCIDENCE INCREASED +1 POINT TO 18%
VERSUS WEEK-AGO, AS RJR P/L'S, MONARCH AND
DORAL INCREASED INCIDENCE AT THIS PRICE
POINT.**

| | <u>3/11</u> | <u>Change vs. WAGO</u> | <u>4 Wk vs. 4 WAGO</u> | <u>Weighted Avg. State Tax</u> |
|---------------------|--------------|----------------------------|----------------------------|------------------------------------|
| NATIONAL | 18.4% | 1.3 | 1.3 | \$0.32 |
| R1 | 3.8% | 0.8 | 0.0 | \$0.45 |
| R2 | 33.5% | 2.6 | 2.8 | \$0.17 |
| R3 | 17.0% | 2.8 | 1.2 | \$0.31 |
| R4 | 20.2% | -1.6 | 0.0 | \$0.34 |
| R5 | 10.2% | 2.3 | 1.9 | \$0.39 |
| COUNTIES | | | | |
| A | 10.5% | 2.0 | 3.2 | N/A |
| B | 17.5% | 1.8 | 3.0 | N/A |
| C | 27.0% | 0.0 | 2.0 | N/A |
| D | 31.8% | -0.4 | 3.5 | N/A |

SOURCE: NIELSEN EXPANDED PRICING

3/22/95

2045858008

PM'S ALL OUTLET COMBINED PERFORMANCE
WEEKLY INTEGRATED NIELSEN - W/E 3/11/95

| <u>4-WEEK PERFORMANCE ISSUES</u> | <u>LATEST 4 WEEKS</u> | | <u>LATEST WEEK</u> | |
|---|-----------------------|-------------|--------------------|-------------|
| | <u>SHARE%</u> | <u>CHG</u> | <u>SHARE%</u> | <u>CHG</u> |
| PM Growth Slowing due to Promotional Sell-Through | <u>47.3%</u> | <u>-0.1</u> | <u>47.3%</u> | <u>0.0</u> |
| • Marlboro Share Growth Slowing | 30.5 | 0.0 | 30.4 | -0.1 |
| • PM OPB Share Stable | 8.9 | -0.1 | 8.9 | 0.0 |
| • PM Discount Share Stable | 8.0 | 0.0 | 8.1 | 0.1 |
| • Basic SOC Promotionally Related | 15.4 | 0.1 | 15.6 | 0.0 |
| RJR Share Stabilizing | <u>27.5</u> | <u>-0.1</u> | <u>27.3</u> | <u>-0.2</u> |
| • Camel Share Stable | 4.5 | 0.0 | 4.4 | 0.0 |
| • Doral's Gains Promotionally Influenced | 4.9 | 0.2 | 5.0 | 0.0 |
| • Winston Share Stabilizing, as Promotions Sell Through | 5.9 | 0.0 | 5.8 | -0.1 |
| • GPC At Its Highest Level To Date | 5.3 | 0.1 | 5.5 | 0.1 |
| Discount Category On Long Term Decline | <u>29.6</u> | <u>-0.2</u> | <u>29.9</u> | <u>0.3</u> |
| • Partial "First Week Of The Month" Impact Continues | | | | |

2045858009

NIelsen INTEGRATED DATA
(All Outlets Combined)

| <u>COMPANY</u> | <u>PM</u> | <u>RJR</u> | <u>B&W</u> | <u>Lorillard</u> | <u>Liggett</u> |
|----------------------|--------------|---------------|----------------|------------------|----------------|
| Base December 1994 | 46.92 | 27.67 | 16.77 | 6.78 | 1.72 |
| March 11, 1995 (MTD) | <u>47.32</u> | <u>27.42</u> | <u>16.41</u> | <u>6.89</u> | <u>1.75</u> |
| | 0.40 | (0.25) | (0.36) | 0.11 | 0.03 |

| <u>CATEGORY</u> | <u>Premium</u> | <u>Discount</u> | <u>Branded Discount</u> | <u>Private Label</u> |
|----------------------|----------------|-----------------|-------------------------|----------------------|
| Base December 1994 | 69.91 | 30.09 | 23.41 | 6.68 |
| March 11, 1995 (MTD) | <u>70.28</u> | <u>29.72</u> | <u>23.25</u> | <u>6.47</u> |
| | 0.37 | (0.37) | (0.16) | (0.21) |

| <u>MAJOR BRANDS</u> | <u>Marlboro</u> | <u>PM OPB</u> | <u>Winston</u> | <u>Select</u> | <u>Camel</u> |
|----------------------|-----------------|---------------|----------------|---------------|--------------|
| Base December 1994 | 29.97 | 8.95 | 5.81 | 1.07 | 4.35 |
| March 11, 1995 (MTD) | <u>30.43</u> | <u>8.84</u> | <u>5.84</u> | <u>1.13</u> | <u>4.44</u> |
| | 0.46 | (0.11) | 0.03 | 0.06 | 0.09 |

| <u>MAJOR BRANDS</u> | <u>Newport</u> | <u>Kool</u> | <u>Salem</u> | <u>Vantage</u> | <u>Now</u> |
|----------------------|----------------|---------------|---------------|----------------|---------------|
| Base December 1994 | 4.11 | 3.15 | 3.92 | 1.35 | 0.61 |
| March 11, 1995 (MTD) | <u>4.20</u> | <u>3.07</u> | <u>3.85</u> | <u>1.31</u> | <u>0.60</u> |
| | 0.09 | (0.08) | (0.07) | (0.04) | (0.01) |

| <u>BRANDED DISCOUNTS</u> | <u>Basic</u> | <u>Cambridge</u> | <u>Alpine</u> | <u>Doral</u> | <u>Misty</u> | <u>Montclair</u> | <u>Monarch</u> | <u>Best Value</u> | <u>GPC</u> |
|--------------------------|--------------|------------------|---------------|--------------|--------------|------------------|----------------|-------------------|-------------|
| Base December 1994 | 4.47 | 1.75 | 0.36 | 4.76 | 1.21 | 1.38 | 1.45 | 0.68 | 5.07 |
| March 11, 1995 (MTD) | <u>4.62</u> | <u>1.68</u> | <u>0.35</u> | <u>4.99</u> | <u>1.23</u> | <u>0.94</u> | <u>1.22</u> | <u>0.59</u> | <u>5.41</u> |
| | 0.15 | (0.07) | (0.01) | 0.23 | 0.02 | (0.44) | (0.23) | (0.09) | 0.34 |

| <u>PRIVATE LABEL</u> | <u>PM</u> | <u>RJR</u> | <u>Liggett</u> | <u>B & W</u> |
|----------------------|---------------|---------------|----------------|------------------|
| Base December 1994 | 1.17 | 3.70 | 1.04 | 0.76 |
| March 11, 1995 (MTD) | <u>1.15</u> | <u>3.59</u> | <u>1.03</u> | <u>0.70</u> |
| | (0.02) | (0.11) | (0.01) | (0.06) |

Note: B & W and American are being reported as a combined company as of 1995 with all brands from both companies included.
Back data reflects the combined performance of the companies.

Source: Nielsen Integrated Panel.

Note: Effective 10/94, in the Integrated Nielsen Panel, Premium plus Discount does equal Total.

2045858010

NIelsen INTEGRATED DATA
(All Outlets Combined)

| <u>COMPANY</u> | <u>PM</u> | <u>RJR</u> | <u>B&W</u> | <u>Lorillard</u> | <u>Liggett</u> |
|-----------------------|--------------|---------------|----------------|------------------|----------------|
| Base 4th Quarter 1994 | 46.37 | 28.33 | 16.61 | 6.76 | 1.81 |
| March 11, 1995 (QTD) | <u>47.42</u> | <u>27.44</u> | <u>16.39</u> | <u>6.83</u> | <u>1.76</u> |
| | 1.05 | (0.89) | (0.22) | 0.07 | (0.05) |

| <u>CATEGORY</u> | <u>Premium</u> | <u>Discount</u> | <u>Branded Discount</u> | <u>Private Label</u> |
|-----------------------|----------------|-----------------|-------------------------|----------------------|
| Base 4th Quarter 1994 | 69.46 | 30.54 | 23.78 | 6.75 |
| March 11, 1995 (QTD) | <u>70.27</u> | <u>29.73</u> | <u>23.07</u> | <u>6.67</u> |
| | 0.81 | (0.81) | (0.71) | (0.08) |

| <u>MAJOR BRANDS</u> | <u>Marlboro</u> | <u>PM OPB</u> | <u>Winston</u> | <u>Select</u> | <u>Camel</u> |
|-----------------------|-----------------|---------------|----------------|---------------|--------------|
| Base 4th Quarter 1994 | 29.43 | 8.87 | 5.95 | 1.15 | 4.39 |
| March 11, 1995 (QTD) | <u>30.51</u> | <u>8.92</u> | <u>5.83</u> | <u>1.09</u> | <u>4.44</u> |
| | 1.08 | 0.05 | (0.12) | (0.06) | 0.05 |

| <u>MAJOR BRANDS</u> | <u>Newport</u> | <u>Kool</u> | <u>Salem</u> | <u>Vantage</u> | <u>Now</u> |
|-----------------------|----------------|---------------|---------------|----------------|---------------|
| Base 4th Quarter 1994 | 4.09 | 3.14 | 3.91 | 1.36 | 0.61 |
| March 11, 1995 (QTD) | <u>4.15</u> | <u>3.03</u> | <u>3.85</u> | <u>1.31</u> | <u>0.60</u> |
| | 0.06 | (0.11) | (0.06) | (0.05) | (0.01) |

| <u>BRANDED DISCOUNTS</u> | <u>Basic</u> | <u>Cambridge</u> | <u>Alpine</u> | <u>Doral</u> | <u>Misty</u> | <u>Montclair</u> | <u>Monarch</u> | <u>Best Value</u> | <u>GPC</u> |
|--------------------------|--------------|------------------|---------------|---------------|---------------|------------------|----------------|-------------------|-------------|
| Base 4th Quarter 1994 | 4.48 | 1.72 | 0.38 | 4.99 | 1.20 | 1.35 | 1.60 | 0.76 | 4.99 |
| March 11, 1995 (QTD) | <u>4.54</u> | <u>1.68</u> | <u>0.36</u> | <u>4.80</u> | <u>1.19</u> | <u>1.06</u> | <u>1.30</u> | <u>0.63</u> | <u>5.29</u> |
| | 0.06 | (0.04) | (0.02) | (0.19) | (0.01) | (0.29) | (0.30) | (0.13) | 0.30 |

| <u>PRIVATE LABEL</u> | <u>PM</u> | <u>RJR</u> | <u>Liggett</u> | <u>B & W</u> |
|-----------------------|---------------|-------------|----------------|------------------|
| Base 4th Quarter 1994 | 1.23 | 3.70 | 1.12 | 0.70 |
| March 11, 1995 (QTD) | <u>1.16</u> | <u>3.71</u> | <u>1.04</u> | <u>0.76</u> |
| | (0.07) | 0.01 | (0.08) | 0.06 |

Note: B & W and American are being reported as a combined company as of 1995 with all brands from both companies included.
Back data reflects the combined performance of the companies.

Source: Nielsen Integrated Panel.

Note: Effective 10/94, in the Integrated Nielsen Panel, Premium plus Discount does equal Total.

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NIELSEN INTEGRATED DATA
(All Outlets Combined)

| <u>COMPANY</u> | <u>PM</u> | <u>RJR</u> | <u>B&W</u> | <u>Lorillard</u> | <u>Liggett</u> |
|----------------------|--------------|---------------|----------------|------------------|----------------|
| Base Full Year 1994 | 46.16 | 28.89 | 16.48 | 6.46 | 1.87 |
| March 11, 1995 (YTD) | <u>47.42</u> | <u>27.44</u> | <u>16.39</u> | <u>6.83</u> | <u>1.76</u> |
| | 1.26 | (1.45) | (0.09) | 0.37 | (0.11) |

| <u>CATEGORY</u> | <u>Premium</u> | <u>Discount</u> | <u>Branded Discount</u> | <u>Private Label</u> |
|----------------------|----------------|-----------------|-------------------------|----------------------|
| Base Full Year 1994 | 68.43 | 31.49 | 24.29 | 7.20 |
| March 11, 1995 (YTD) | <u>70.27</u> | <u>29.73</u> | <u>23.07</u> | <u>6.67</u> |
| | 1.84 | (1.76) | (1.22) | (0.53) |

| <u>MAJOR BRANDS</u> | <u>Marlboro</u> | <u>PM OPB</u> | <u>Winston</u> | <u>Select</u> | <u>Camel</u> |
|----------------------|-----------------|---------------|----------------|---------------|--------------|
| Base Full Year 1994 | 28.57 | 8.95 | 6.00 | 1.07 | 4.35 |
| March 11, 1995 (YTD) | <u>30.51</u> | <u>8.92</u> | <u>5.83</u> | <u>1.09</u> | <u>4.44</u> |
| | 1.94 | (0.03) | (0.17) | 0.02 | 0.09 |

| <u>MAJOR BRANDS</u> | <u>Newport</u> | <u>Kool</u> | <u>Salem</u> | <u>Vantage</u> | <u>Now</u> |
|----------------------|----------------|---------------|---------------|----------------|---------------|
| Base Full Year 1994 | 3.94 | 3.12 | 3.92 | 1.39 | 0.63 |
| March 11, 1995 (YTD) | <u>4.15</u> | <u>3.03</u> | <u>3.85</u> | <u>1.31</u> | <u>0.60</u> |
| | 0.21 | (0.09) | (0.07) | (0.08) | (0.03) |

| <u>BRANDED DISCOUNTS</u> | <u>Basic</u> | <u>Cambridge</u> | <u>Alpine</u> | <u>Doral</u> | <u>Misty</u> | <u>Montclair</u> | <u>Monarch</u> | <u>Best Value</u> | <u>GPC</u> |
|--------------------------|---------------|------------------|---------------|--------------|--------------|------------------|----------------|-------------------|-------------|
| Base Full Year 1994 | 4.56 | 1.80 | 0.40 | 4.72 | 1.09 | 1.21 | 1.89 | 1.00 | 4.83 |
| March 11, 1995 (YTD) | <u>4.54</u> | <u>1.68</u> | <u>0.36</u> | <u>4.80</u> | <u>1.19</u> | <u>1.06</u> | <u>1.30</u> | <u>0.63</u> | <u>5.29</u> |
| | (0.02) | (0.12) | (0.04) | 0.08 | 0.10 | (0.15) | (0.59) | (0.37) | 0.46 |

| <u>PRIVATE LABEL</u> | <u>PM</u> | <u>RJR</u> | <u>Liggett</u> | <u>B & W</u> |
|----------------------|---------------|---------------|----------------|------------------|
| Base Full Year 1994 | 1.55 | 3.85 | 1.07 | 0.72 |
| March 11, 1995 (YTD) | <u>1.16</u> | <u>3.71</u> | <u>1.04</u> | <u>0.76</u> |
| | (0.39) | (0.14) | (0.03) | 0.04 |

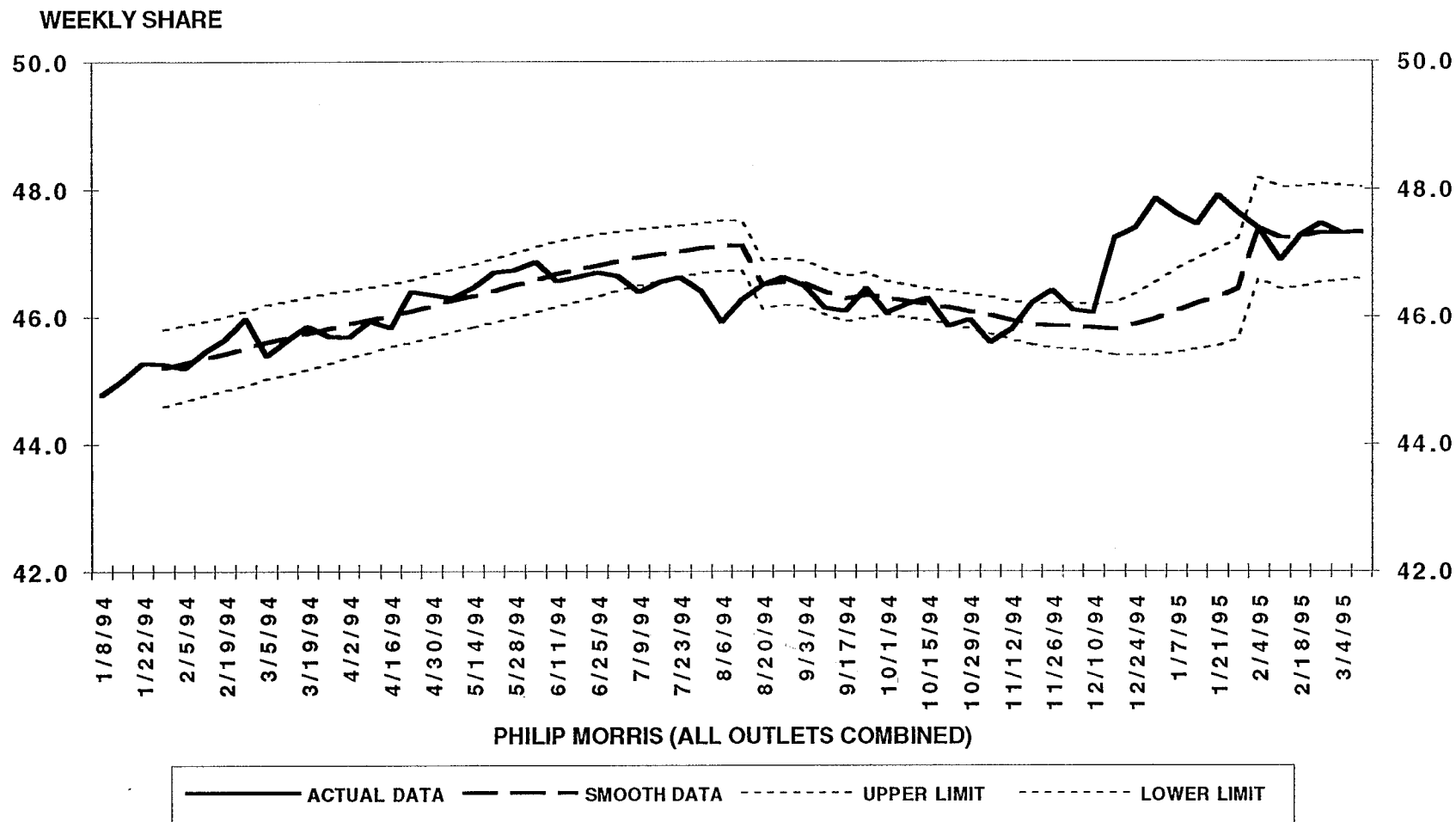
Note: B & W and American are being reported as a combined company as of 1995 with all brands from both companies included.
Back data reflects the combined performance of the companies.

Source: Nielsen Integrated Panel.

Note: Effective 10/94, in the Integrated Nielsen Panel, Premium plus Discount does equal Total.

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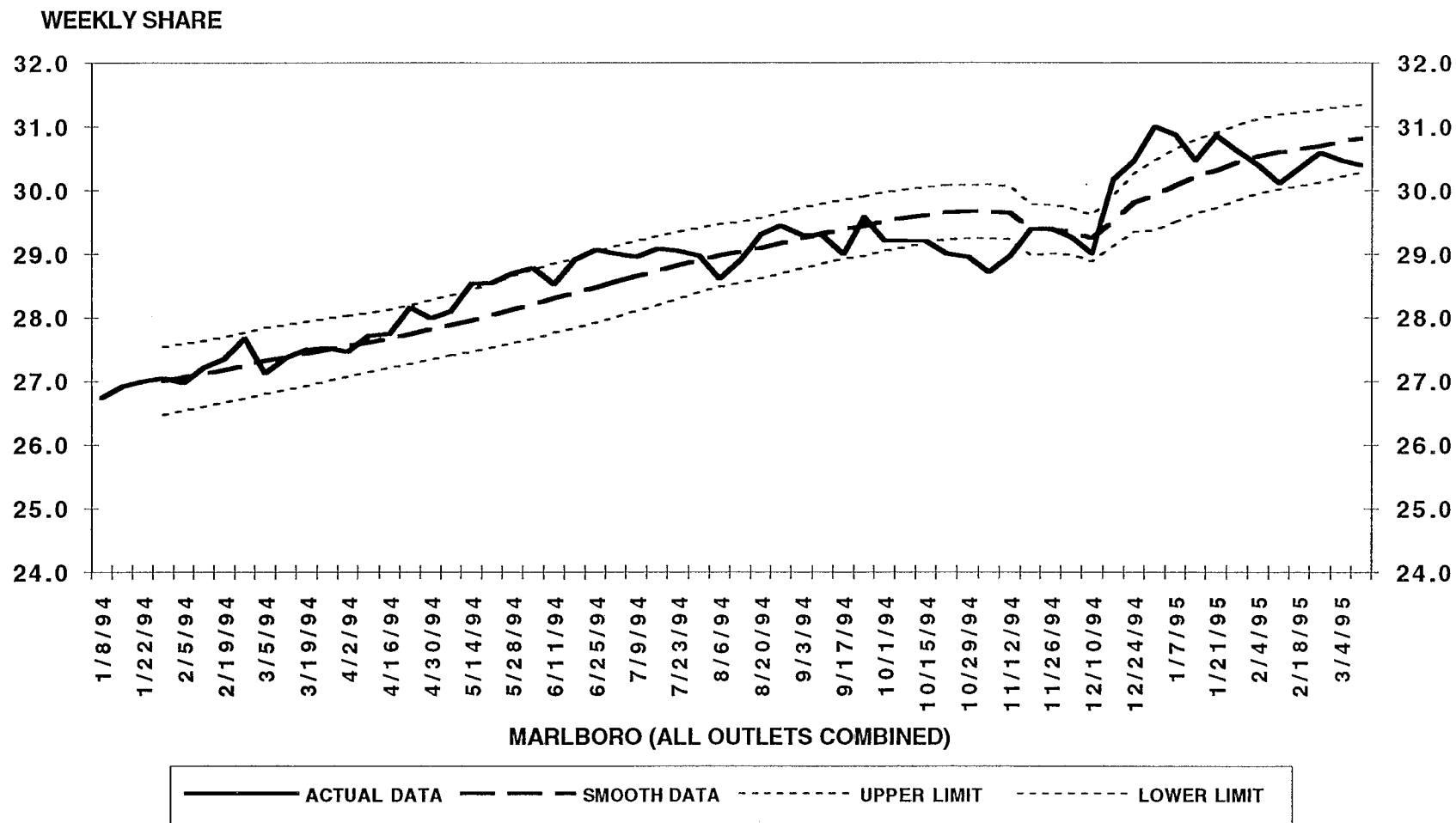
**PM'S WEEKLY SHARE REMAINED UNCHANGED AT 47.3%, AS
MARLBORO'S LOSS WAS OFFSET BY A MODERATE PM DISCOUNT GAIN.
FOUR-WEEK SHARE WAS DOWN -0.1 POINT.**



Source: Nielsen Integrated Panel

2045858013

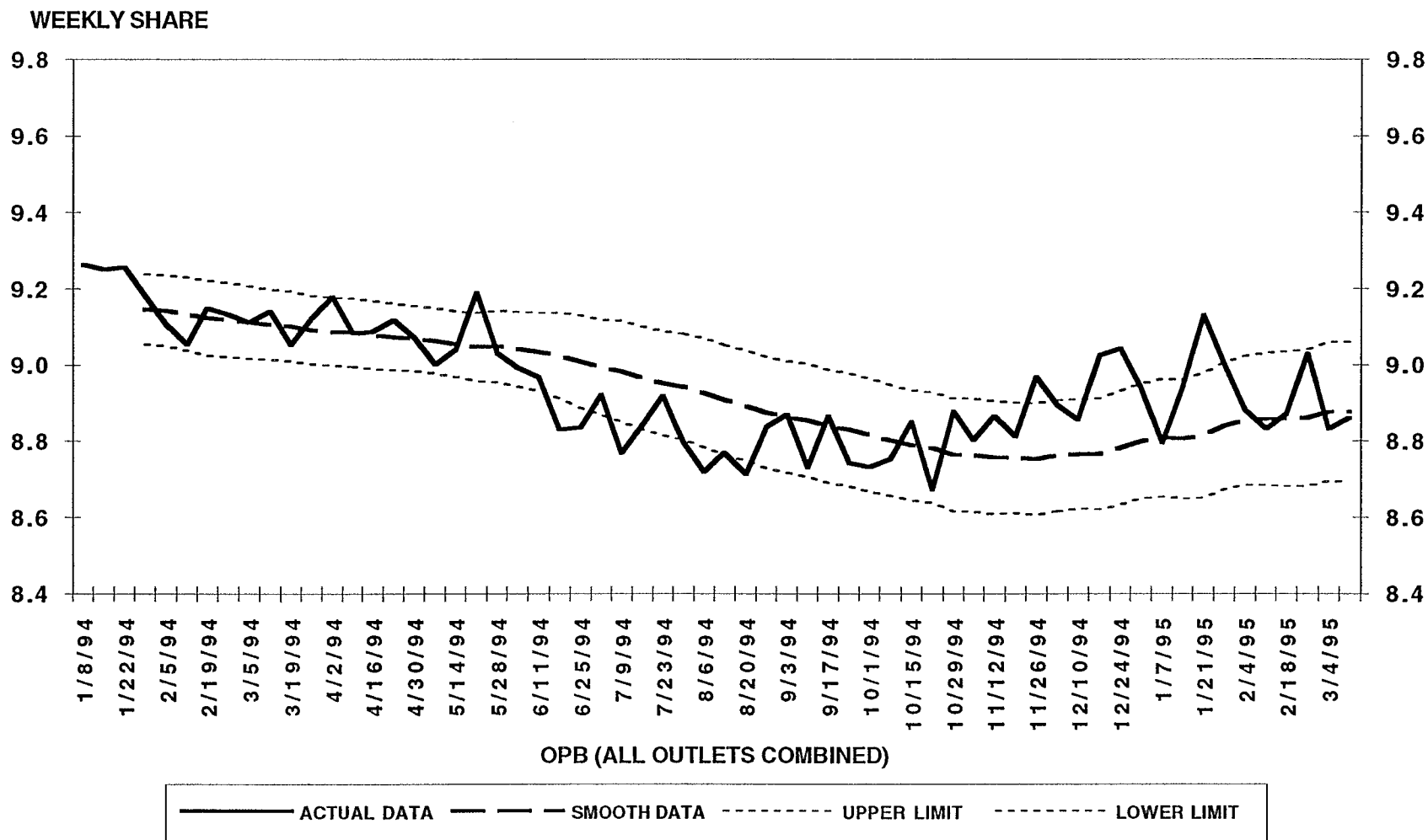
MARLBORO'S SHARE DECLINED -0.1 POINT THIS WEEK TO 30.4%, WITH C-STORE LOSSES PARTIALLY OFFSET BY GAINS IN DRUG STORES AND MASS MERCHANDISER OUTLETS. FOUR-WEEK SHARE WAS STABLE.



Source: Nielsen Integrated Panel

2045858014

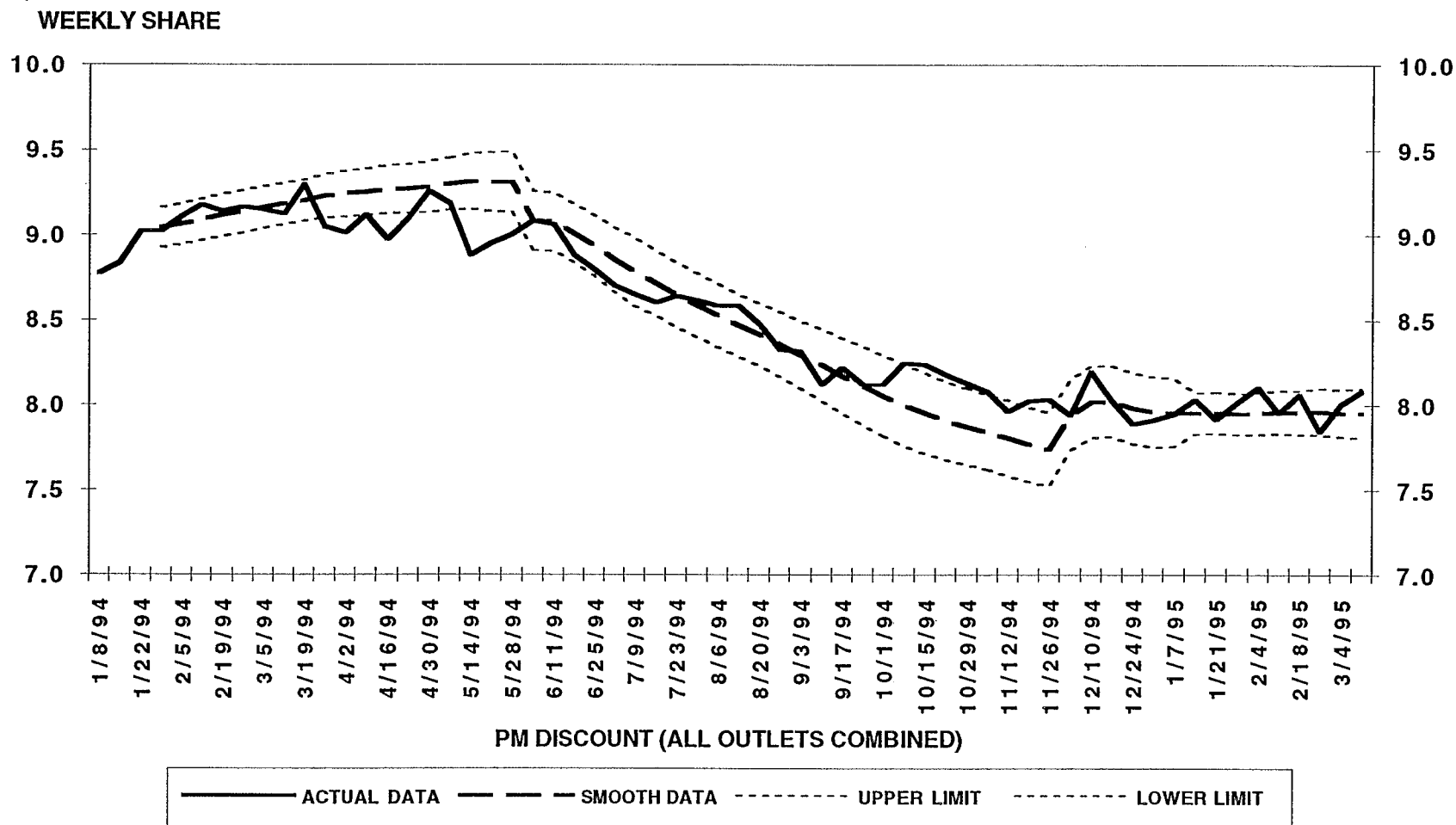
OPB'S WEEKLY SHARE WAS STABLE AT 8.9%, WHILE FOUR-WEEK SHARE WAS DOWN -0.1 POINT.



Source: Nielsen Integrated Panel

2045858015

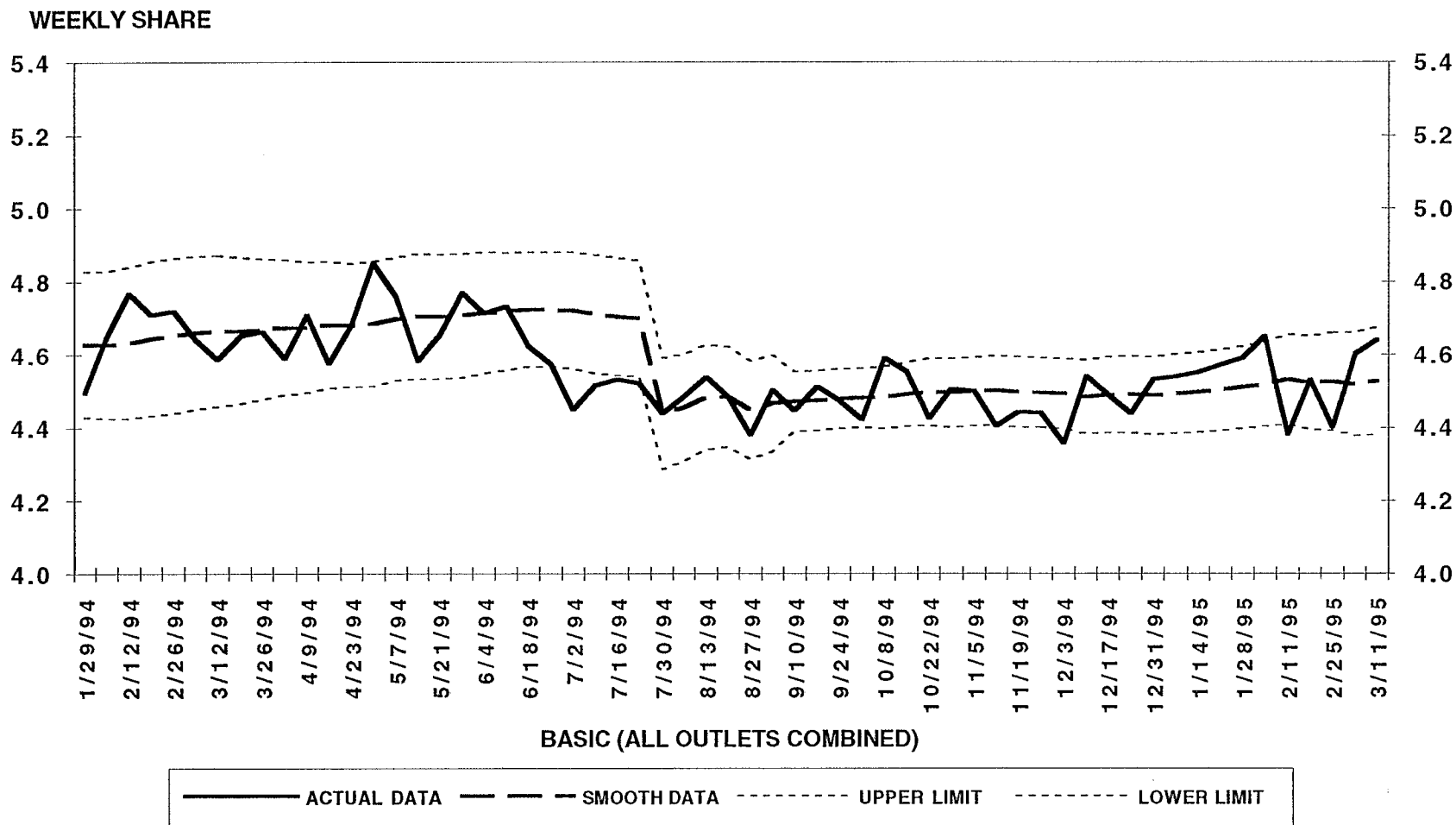
**PM DISCOUNT'S WEEKLY SHARE ADVANCED +0.1 POINT TO 8.1%,
REFLECTING MODERATE BASIC AND PL GAINS. FOUR-WEEK SHARE WAS
STABLE.**



Source: Nielsen Integrated Panel

2045858016

BASIC'S WEEKLY AND FOUR-WEEK SHARES WERE STABLE AT 4.6% AND 4.5% RESPECTIVELY. FREE PRODUCT INCIDENCE EXPANDED, WHILE INCENTIVE INCIDENCE DECLINED THIS WEEK.

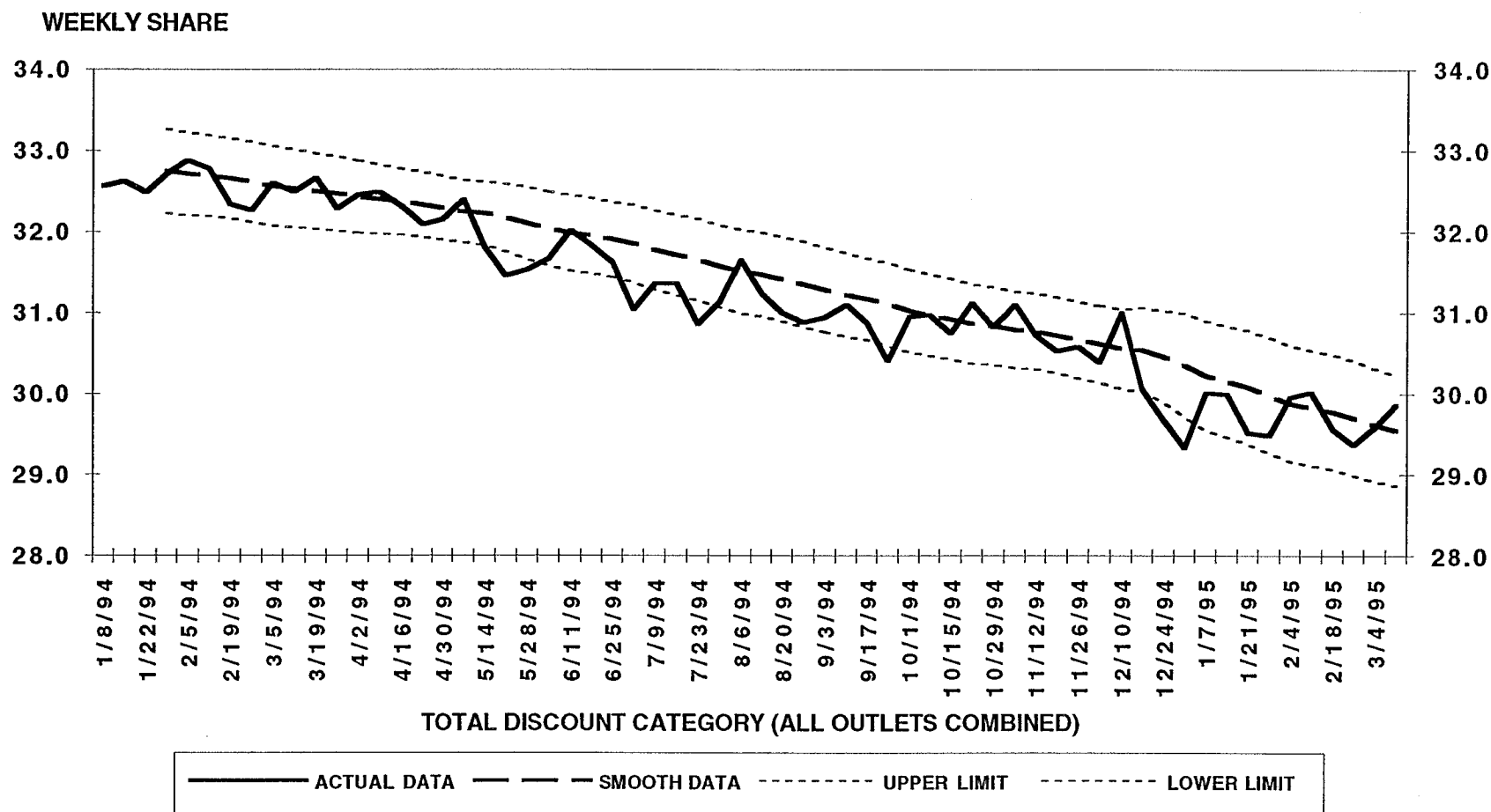


Source: Nielsen Integrated Panel

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THE DISCOUNT CATEGORY GAIN (+0.3 POINTS TO 29.9%) WAS POSSIBLY A CONTINUED "FIRST WEEK" EFFECT, WITH PLs AND GPC UP. FOUR-WEEK SHARE FELL (-0.2 POINTS) AS GPC AND DORAL ADVANCES PARTIALLY OFFSET MONTCLAIR, RJR PL AND MONARCH DECLINES.



Source: Nielsen Integrated Panel

2045858018

PM'S PERFORMANCE IN C-STORES
WEEKLY C-STORE AUDITS - W/E 3/11/95

| <u>4-WEEK PERFORMANCE ISSUES</u> | <u>LATEST 4 WEEKS</u> | | <u>LATEST WEEK</u> | |
|---|------------------------------|-------------------|---------------------------|-------------------|
| | <u>SHARE%</u> | <u>CHG</u> | <u>SHARE%</u> | <u>CHG</u> |
| PM Growth Slowing due to Promotional Sell-Through | <u>48.6%</u> | <u>0.1</u> | <u>48.6%</u> | <u>0.0</u> |
| • Marlboro Share Growth Slowing | 33.2 | 0.2 | 33.1 | -0.2 |
| • PM OPB Share Stable | 7.6 | 0.0 | 7.6 | 0.0 |
| • PM Discount Share Decline Moderating | 7.8 | -0.1 | 7.9 | 0.2 |
| • Basic SOC Promotionally Related | 15.7 | -0.1 | 16.0 | 0.1 |
| RJR Share Stabilizing | <u>26.8</u> | <u>-0.2</u> | <u>26.7</u> | <u>-0.2</u> |
| • Camel Share Stabilizing | 5.0 | -0.1 | 4.9 | -0.1 |
| • Doral's Gains Promotionally Influenced | 4.7 | 0.2 | 4.8 | 0.0 |
| • Winston Share Stabilizing, as Promotions Sell Through | 5.5 | 0.0 | 5.4 | -0.1 |
| • GPC At Its Highest Level to Date | 6.1 | 0.0 | 6.3 | 0.2 |
| Discount Category On Long Term Decline | <u>30.4</u> | <u>-0.3</u> | <u>30.7</u> | <u>0.5</u> |
| • Partial "First Week of The Month" Impact Continues | | | | |

2045858019

NIELSEN WEEKLY C-STORE DATA
(800 C-Stores)

| <u>COMPANY</u> | <u>PM</u> | <u>RJR</u> | <u>B&W</u> | <u>Lorillard</u> | <u>Liggett</u> |
|----------------------|--------------|---------------|----------------|------------------|----------------|
| Base December 1994 | 47.95 | 27.03 | 16.62 | 6.93 | 1.42 |
| March 11, 1995 (MTD) | <u>48.61</u> | <u>26.82</u> | <u>16.10</u> | <u>7.01</u> | <u>1.36</u> |
| | 0.66 | (0.21) | (0.52) | 0.08 | (0.06) |

| <u>CATEGORY</u> | <u>Premium</u> | <u>Discount</u> | <u>Branded Discount</u> | <u>Private Label</u> |
|----------------------|----------------|-----------------|-------------------------|----------------------|
| Base December 1994 | 68.76 | 31.24 | 23.46 | 7.77 |
| March 11, 1995 (MTD) | <u>69.59</u> | <u>30.41</u> | <u>22.97</u> | <u>7.44</u> |
| | 0.83 | (0.83) | (0.49) | (0.33) |

| <u>MAJOR BRANDS</u> | <u>Marlboro</u> | <u>PM OPB</u> | <u>Winston</u> | <u>Select</u> | <u>Camel</u> |
|----------------------|-----------------|---------------|----------------|---------------|--------------|
| Base December 1994 | 32.49 | 7.59 | 5.39 | 1.14 | 4.82 |
| March 11, 1995 (MTD) | <u>33.18</u> | <u>7.60</u> | <u>5.45</u> | <u>1.27</u> | <u>4.95</u> |
| | 0.69 | 0.01 | 0.06 | 0.13 | 0.13 |

| <u>MAJOR BRANDS</u> | <u>Newport</u> | <u>Kool</u> | <u>Salem</u> | <u>Vantage</u> | <u>Now</u> |
|----------------------|----------------|---------------|---------------|----------------|-------------|
| Base December 1994 | 4.75 | 3.27 | 3.35 | 1.13 | 0.38 |
| March 11, 1995 (MTD) | <u>4.84</u> | <u>3.24</u> | <u>3.34</u> | <u>1.11</u> | <u>0.38</u> |
| | 0.09 | (0.03) | (0.01) | (0.02) | 0.00 |

| <u>BRANDED DISCOUNTS</u> | <u>Basic</u> | <u>Cambridge</u> | <u>Alpine</u> | <u>Doral</u> | <u>Misty</u> | <u>Montclair</u> | <u>Monarch</u> | <u>Best Value</u> | <u>GPC</u> |
|--------------------------|--------------|------------------|---------------|--------------|---------------|------------------|----------------|-------------------|-------------|
| Base December 1994 | 4.73 | 1.29 | 0.27 | 4.47 | 1.09 | 1.54 | 1.90 | 0.48 | 5.83 |
| March 11, 1995 (MTD) | <u>4.84</u> | <u>1.17</u> | <u>0.26</u> | <u>4.75</u> | <u>1.07</u> | <u>0.95</u> | <u>1.56</u> | <u>0.43</u> | <u>6.19</u> |
| | 0.11 | (0.12) | (0.01) | 0.28 | (0.02) | (0.59) | (0.34) | (0.05) | 0.36 |

| <u>PRIVATE LABEL</u> | <u>PM</u> | <u>RJR</u> | <u>Liggett</u> | <u>B & W</u> |
|----------------------|-------------|---------------|----------------|------------------|
| Base December 1994 | 1.33 | 4.36 | 1.08 | 1.00 |
| March 11, 1995 (MTD) | <u>1.34</u> | <u>4.17</u> | <u>1.04</u> | <u>0.88</u> |
| | 0.01 | (0.19) | (0.04) | (0.12) |

Note: B & W and American are being reported as a combined company as of 1995 with all brands from both companies included.
Back data reflects the combined performance of the companies.

Source: Nielsen Integrated Panel.

Note: Effective 10/94, in the Integrated Nielsen Panel, Premium plus Discount does equal Total.

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NIELSEN WEEKLY C-STORE DATA
(800 C-Stores)

| <u>COMPANY</u> | <u>PM</u> | <u>RJR</u> | <u>B&W</u> | <u>Lorillard</u> | <u>Liggett</u> |
|-----------------------|--------------|---------------|----------------|------------------|----------------|
| Base 4th Quarter 1994 | 47.48 | 27.70 | 16.34 | 6.86 | 1.55 |
| March 11, 1995 (QTD) | <u>48.54</u> | <u>26.87</u> | <u>16.15</u> | <u>6.96</u> | <u>1.41</u> |
| | 1.06 | (0.83) | (0.19) | 0.10 | (0.14) |

| <u>CATEGORY</u> | <u>Premium</u> | <u>Discount</u> | <u>Branded Discount</u> | <u>Private Label</u> |
|-----------------------|----------------|-----------------|-------------------------|----------------------|
| Base 4th Quarter 1994 | 68.46 | 31.54 | 23.67 | 7.86 |
| March 11, 1995 (QTD) | <u>69.37</u> | <u>30.63</u> | <u>22.90</u> | <u>7.73</u> |
| | 0.91 | (0.91) | (0.77) | (0.13) |

| <u>MAJOR BRANDS</u> | <u>Marlboro</u> | <u>PM OPB</u> | <u>Winston</u> | <u>Select</u> | <u>Camel</u> |
|-----------------------|-----------------|---------------|----------------|---------------|--------------|
| Base 4th Quarter 1994 | 32.02 | 7.59 | 5.54 | 1.23 | 4.86 |
| March 11, 1995 (QTD) | <u>33.03</u> | <u>7.65</u> | <u>5.45</u> | <u>1.21</u> | <u>4.96</u> |
| | 1.01 | 0.06 | (0.09) | (0.02) | 0.10 |

| <u>MAJOR BRANDS</u> | <u>Newport</u> | <u>Kool</u> | <u>Salem</u> | <u>Vantage</u> | <u>Now</u> |
|-----------------------|----------------|---------------|---------------|----------------|-------------|
| Base 4th Quarter 1994 | 4.71 | 3.26 | 3.35 | 1.13 | 0.37 |
| March 11, 1995 (QTD) | <u>4.80</u> | <u>3.17</u> | <u>3.34</u> | <u>1.09</u> | <u>0.38</u> |
| | 0.09 | (0.09) | (0.01) | (0.04) | 0.01 |

| <u>BRANDED DISCOUNTS</u> | <u>Basic</u> | <u>Cambridge</u> | <u>Alpine</u> | <u>Doral</u> | <u>Misty</u> | <u>Montclair</u> | <u>Monarch</u> | <u>Best Value</u> | <u>GPC</u> |
|--------------------------|--------------|------------------|---------------|---------------|---------------|------------------|----------------|-------------------|-------------|
| Base 4th Quarter 1994 | 4.70 | 1.25 | 0.28 | 4.67 | 1.08 | 1.51 | 2.09 | 0.50 | 5.69 |
| March 11, 1995 (QTD) | <u>4.79</u> | <u>1.18</u> | <u>0.27</u> | <u>4.51</u> | <u>1.04</u> | <u>1.11</u> | <u>1.67</u> | <u>0.45</u> | <u>6.09</u> |
| | 0.09 | (0.07) | (0.01) | (0.16) | (0.04) | (0.40) | (0.42) | (0.05) | 0.40 |

| <u>PRIVATE LABEL</u> | <u>PM</u> | <u>RJR</u> | <u>Liggett</u> | <u>B & W</u> |
|-----------------------|---------------|---------------|----------------|------------------|
| Base 4th Quarter 1994 | 1.40 | 4.39 | 1.19 | 0.89 |
| March 11, 1995 (QTD) | <u>1.36</u> | <u>4.31</u> | <u>1.07</u> | <u>0.98</u> |
| | (0.04) | (0.08) | (0.12) | 0.09 |

Note: B & W and American are being reported as a combined company as of 1995 with all brands from both companies included.
Back data reflects the combined performance of the companies.

1208989102

Source: Nielsen Integrated Panel.

Note: Effective 10/94, in the Integrated Nielsen Panel, Premium plus Discount does equal Total.

NIELSEN WEEKLY C-STORE DATA
(800 C-Stores)

| <u>COMPANY</u> | <u>PM</u> | <u>RJR</u> | <u>B&W</u> | <u>Lorillard</u> | <u>Liggett</u> |
|----------------------|--------------|---------------|----------------|------------------|----------------|
| Base Full Year 1994 | 47.82 | 28.09 | 16.05 | 6.50 | 1.48 |
| March 11, 1995 (YTD) | <u>48.54</u> | <u>26.87</u> | <u>16.15</u> | <u>6.96</u> | <u>1.41</u> |
| | 0.72 | (1.22) | 0.10 | 0.46 | (0.07) |

| <u>CATEGORY</u> | <u>Premium</u> | <u>Discount</u> | <u>Branded Discount</u> | <u>Private Label</u> |
|----------------------|----------------|-----------------|-------------------------|----------------------|
| Base Full Year 1994 | 67.71 | 32.29 | 23.83 | 8.46 |
| March 11, 1995 (YTD) | <u>69.37</u> | <u>30.63</u> | <u>22.90</u> | <u>7.73</u> |
| | 1.66 | (1.66) | (0.93) | (0.73) |

| <u>MAJOR BRANDS</u> | <u>Marlboro</u> | <u>PM OPB</u> | <u>Winston</u> | <u>Select</u> | <u>Camel</u> |
|----------------------|-----------------|---------------|----------------|---------------|--------------|
| Base Full Year 1994 | 31.49 | 7.71 | 5.57 | 1.19 | 4.83 |
| March 11, 1995 (YTD) | <u>33.03</u> | <u>7.65</u> | <u>5.45</u> | <u>1.21</u> | <u>4.96</u> |
| | 1.54 | (0.06) | (0.12) | 0.02 | 0.13 |

| <u>MAJOR BRANDS</u> | <u>Newport</u> | <u>Kool</u> | <u>Salem</u> | <u>Vantage</u> | <u>Now</u> |
|----------------------|----------------|---------------|---------------|----------------|-------------|
| Base Full Year 1994 | 4.59 | 3.24 | 3.40 | 1.16 | 0.38 |
| March 11, 1995 (YTD) | <u>4.80</u> | <u>3.17</u> | <u>3.34</u> | <u>1.09</u> | <u>0.38</u> |
| | 0.21 | (0.07) | (0.06) | (0.07) | 0.00 |

| <u>BRANDED DISCOUNTS</u> | <u>Basic</u> | <u>Cambridge</u> | <u>Alpine</u> | <u>Doral</u> | <u>Misty</u> | <u>Montclair</u> | <u>Monarch</u> | <u>Best Value</u> | <u>GPC</u> |
|--------------------------|---------------|------------------|---------------|--------------|--------------|------------------|----------------|-------------------|-------------|
| Base Full Year 1994 | 4.91 | 1.29 | 0.30 | 4.17 | 0.95 | 1.30 | 2.50 | 0.62 | 5.50 |
| March 11, 1995 (YTD) | <u>4.79</u> | <u>1.18</u> | <u>0.27</u> | <u>4.51</u> | <u>1.04</u> | <u>1.11</u> | <u>1.67</u> | <u>0.45</u> | <u>6.09</u> |
| | (0.12) | (0.11) | (0.03) | 0.34 | 0.09 | (0.19) | (0.83) | (0.17) | 0.59 |

| <u>PRIVATE LABEL</u> | <u>PM</u> | <u>RJR</u> | <u>Liggett</u> | <u>B & W</u> |
|----------------------|---------------|---------------|----------------|------------------|
| Base Full Year 1994 | 1.83 | 4.65 | 1.06 | 0.91 |
| March 11, 1995 (YTD) | <u>1.36</u> | <u>4.31</u> | <u>1.07</u> | <u>0.98</u> |
| | (0.47) | (0.34) | 0.01 | 0.07 |

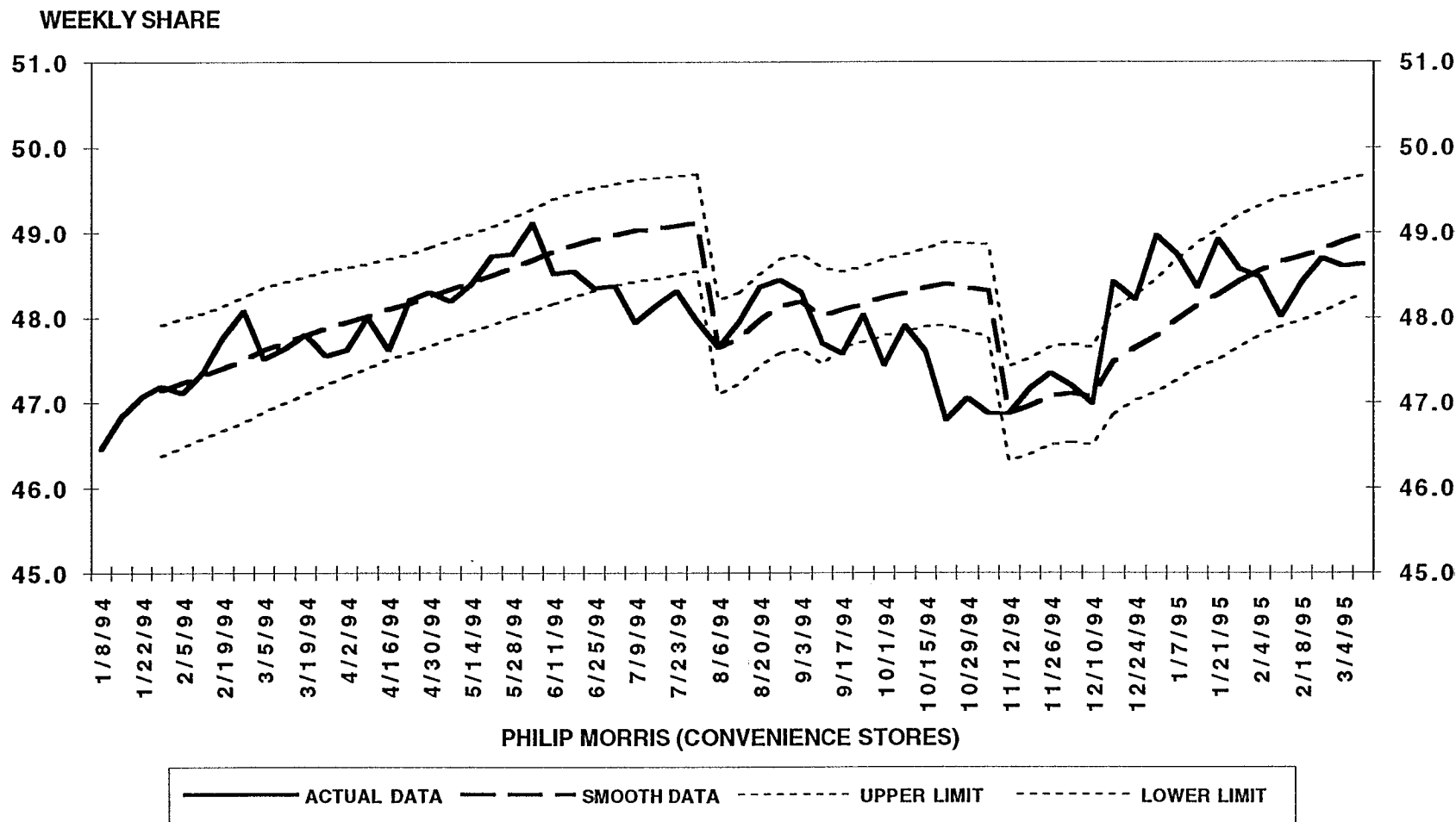
Note: B & W and American are being reported as a combined company as of 1995 with all brands from both companies included.
Back data reflects the combined performance of the companies.

2208989102

Source: Nielsen Integrated Panel.

Note: Effective 10/94, in the Integrated Nielsen Panel, Premium plus Discount does equal Total.

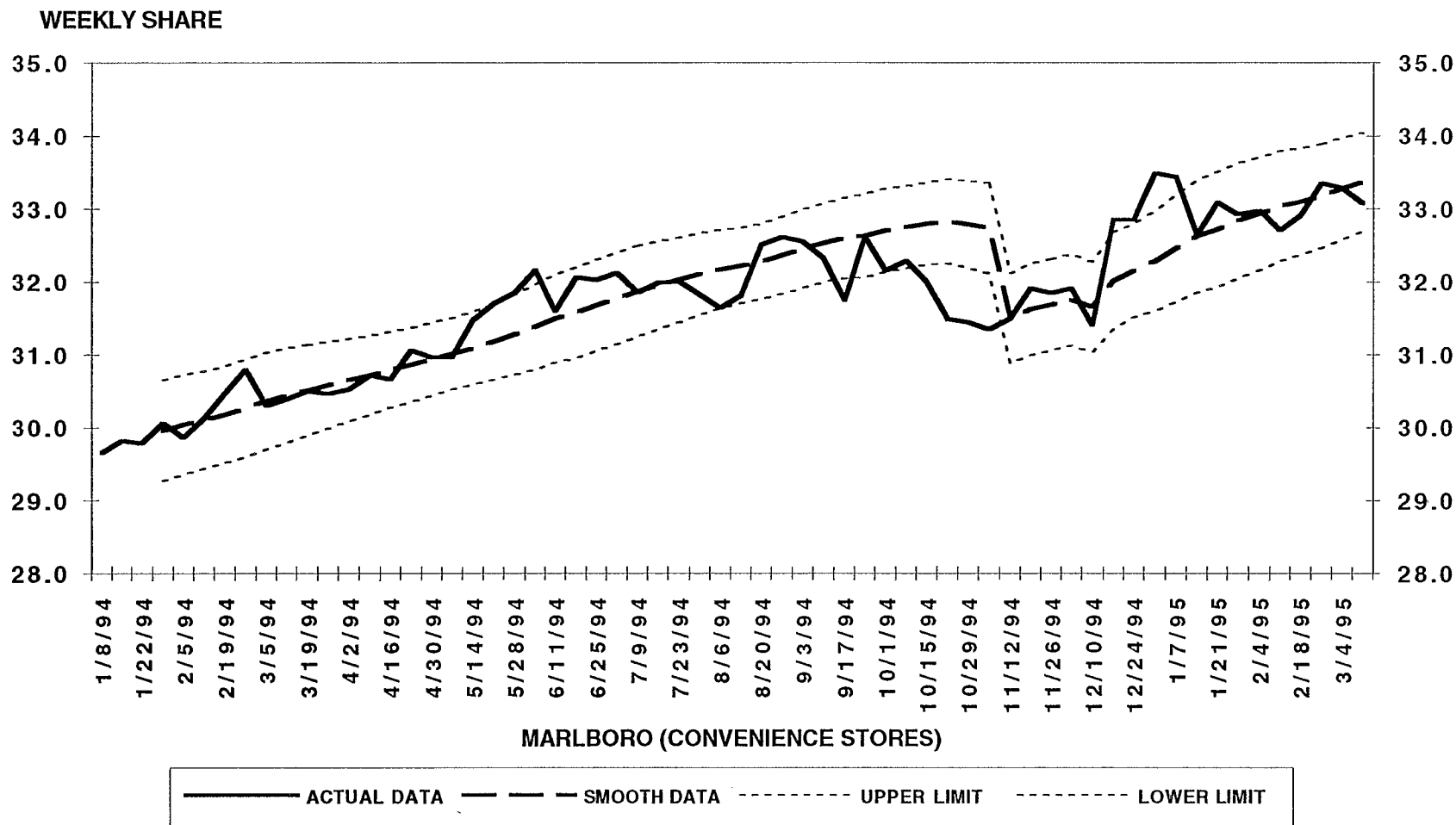
PM'S WEEKLY SHARE WAS STABLE AT 48.6%, AS MARLBORO'S DECLINE OFFSET BASIC AND PL GAINS. ON A FOUR-WEEK BASIS, PM'S SHARE WAS UP +0.1 POINT, DRIVEN BY MARLBORO.



Source: Nielsen Integrated Panel

2045858023

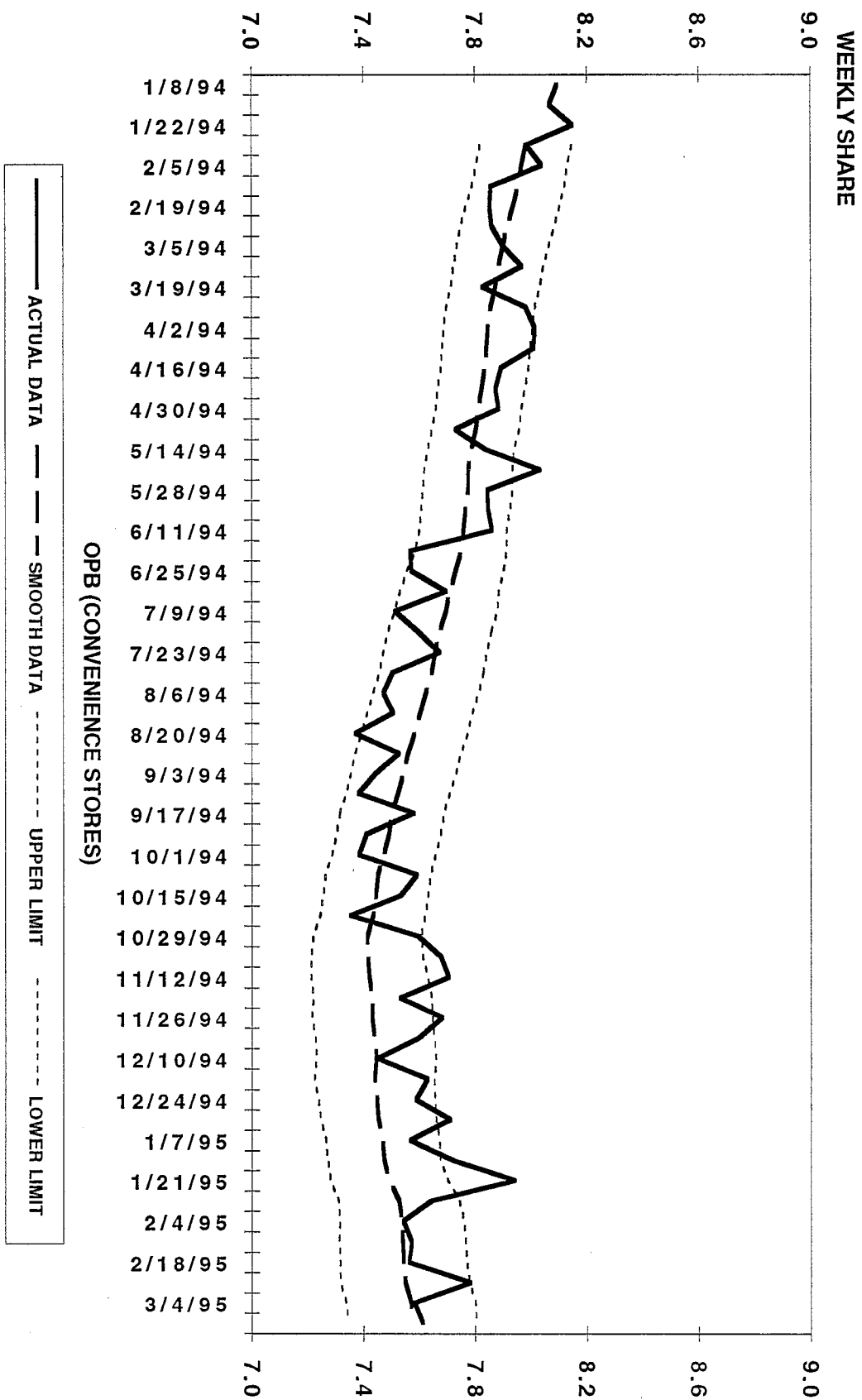
MARLBORO'S WEEKLY SHARE DECLINED -0.2 POINTS TO 33.1%, AS INCENTIVE INCIDENCE CONTINUED TO DECLINE. FOUR-WEEK SHARE WAS UP +0.2 POINTS TO 33.2%.



Source: Nielsen Integrated Panel

2045858024

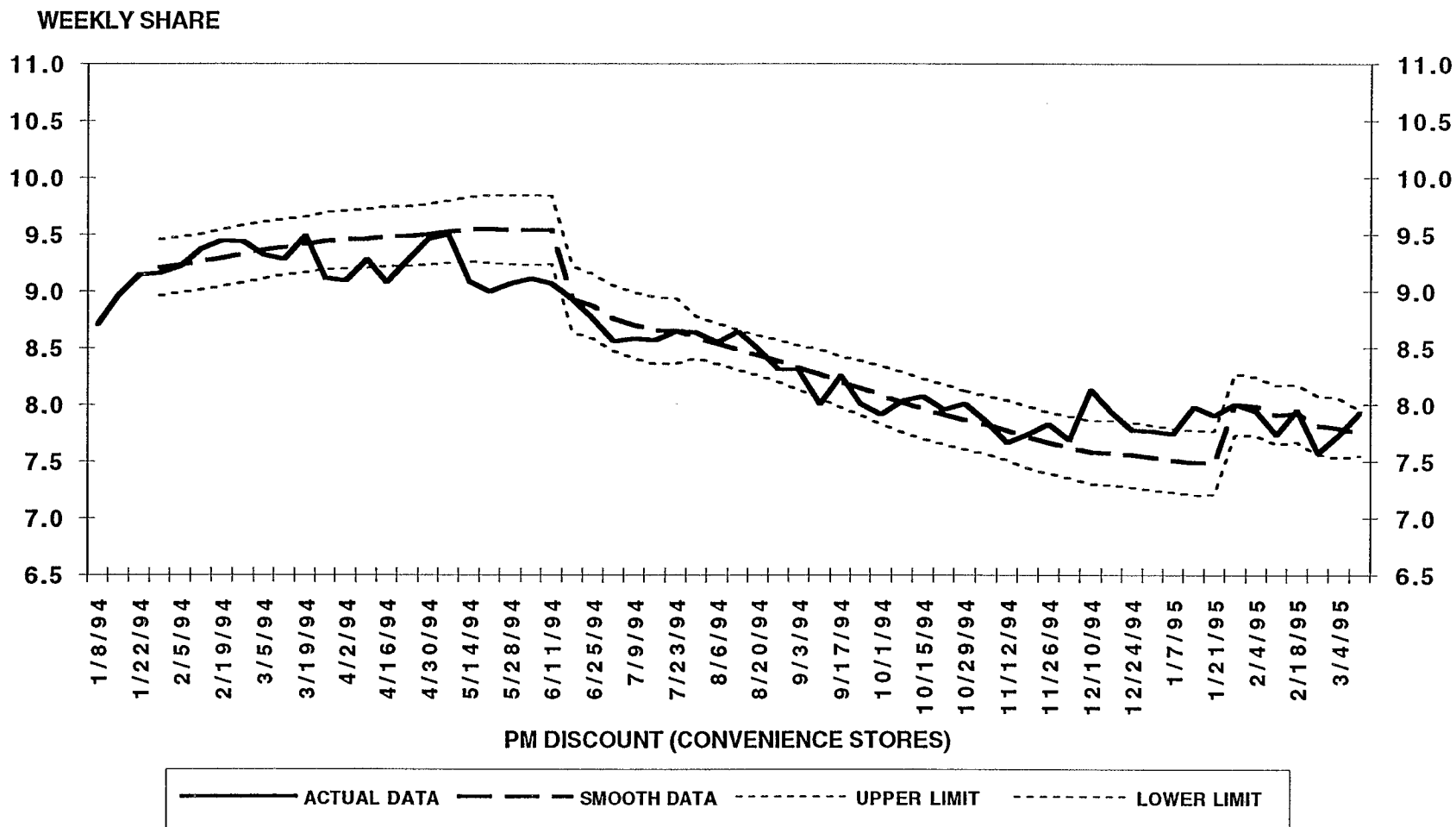
OPB'S WEEKLY AND FOUR-WEEK SHARES WERE STABLE AT 7.6%.



Source: Nielsen Integrated Panel

2045858025

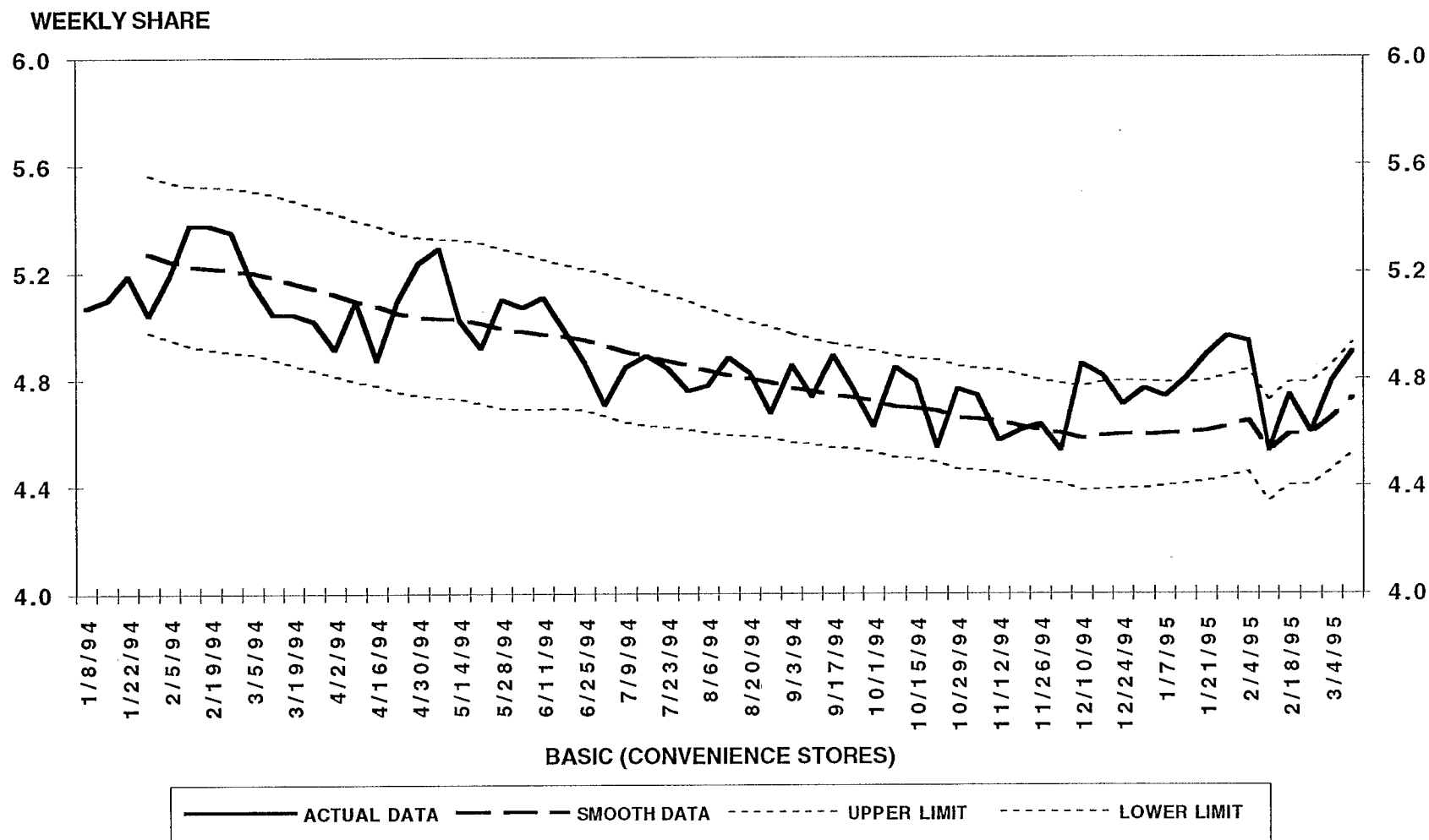
PM DISCOUNT'S SHARE WAS UP +0.2 POINTS TO 7.9%, DRIVEN BY BASIC AND PL GAINS. FOUR-WEEK SHARE DECLINED -0.1 POINT, PRIMARILY BASIC.



Source: Nielsen Integrated Panel

2045858026

BASIC'S WEEKLY SHARE WAS UP +0.1 POINT TO 4.9%, AS FREE PRODUCT INCIDENCE EXPANDED. FOUR-WEEK SHARE DECLINED -0.1 POINT.

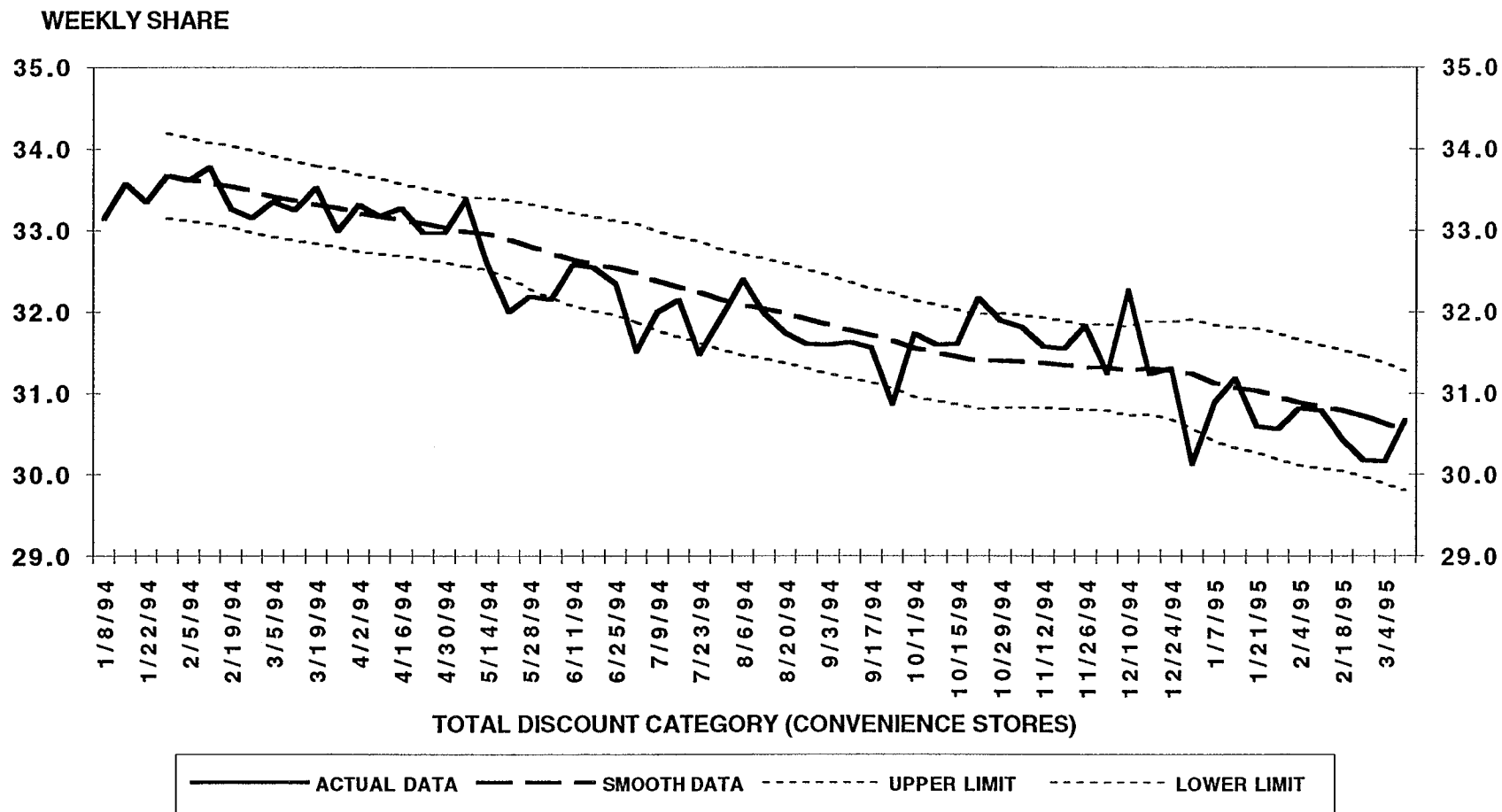


Source: Nielsen Integrated Panel

MARL

2045858027

THE DISCOUNT CATEGORY'S WEEKLY SHARE ADVANCED +0.5 POINTS TO 30.7%, WITH PLs, BASIC AND GPC GAINING. THE CATEGORY'S FOUR-WEEK SHARE WAS DOWN -0.3 POINTS AS DORAL'S ADVANCE PARTIALLY OFFSET RJR PL, MONARCH AND MONTCLAIR LOSSES.



Source: Nielsen Integrated Panel

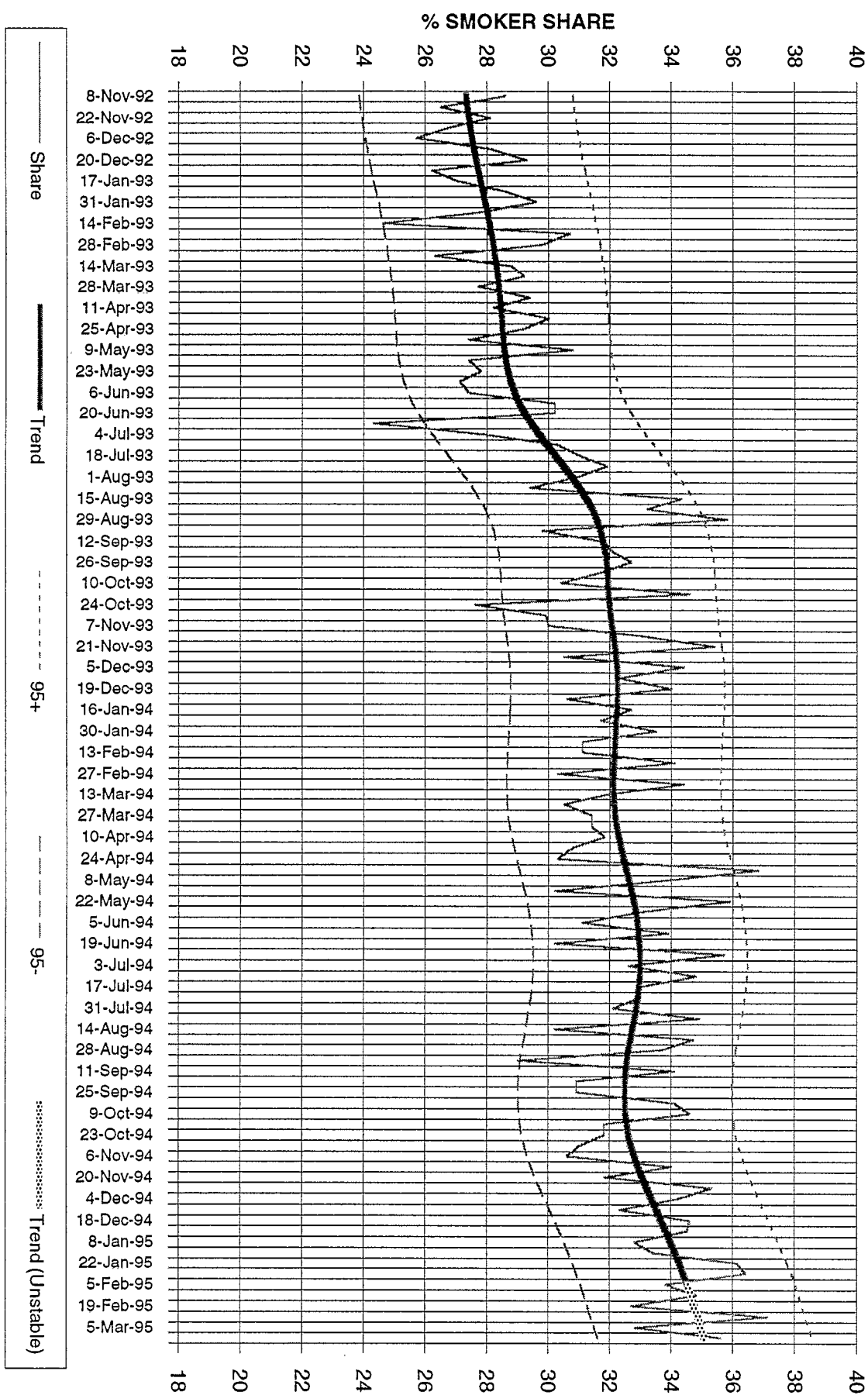
2045858028

MARLBORO SMOKER SHARE

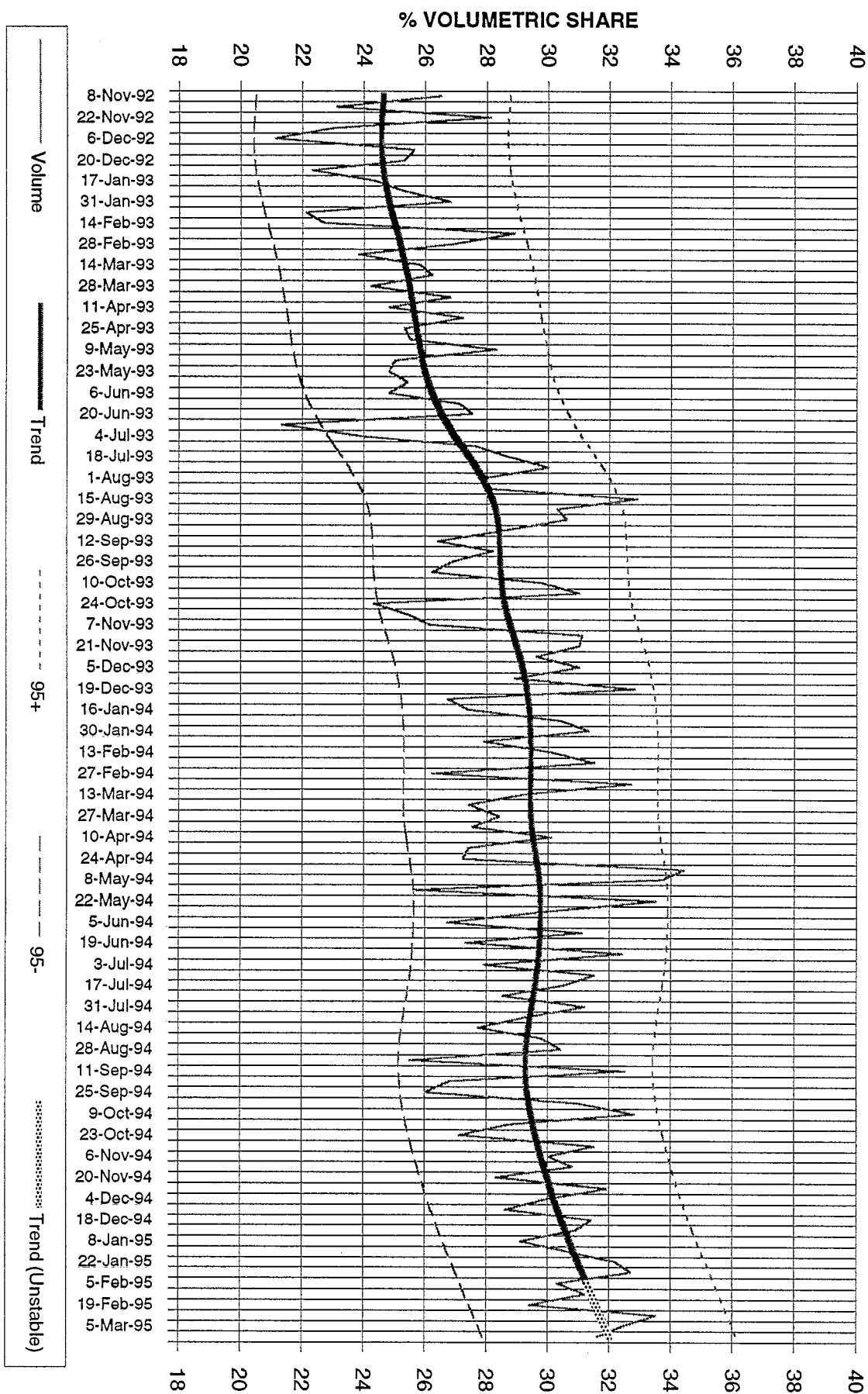
- Marlboro smoker and volumetric share trends remain at record highs, in contrast with near record Nielsen retail performance.
 - Among Young Adult Smokers, share trends are leveling off, but remain above 60%.
 - Among Total Smokers, trends remain positive, over 34% in smoker and 31% in volumetric share.
 - 25-34 year olds have contributed a large portion of Marlboro's growth over the past year.

2045858029

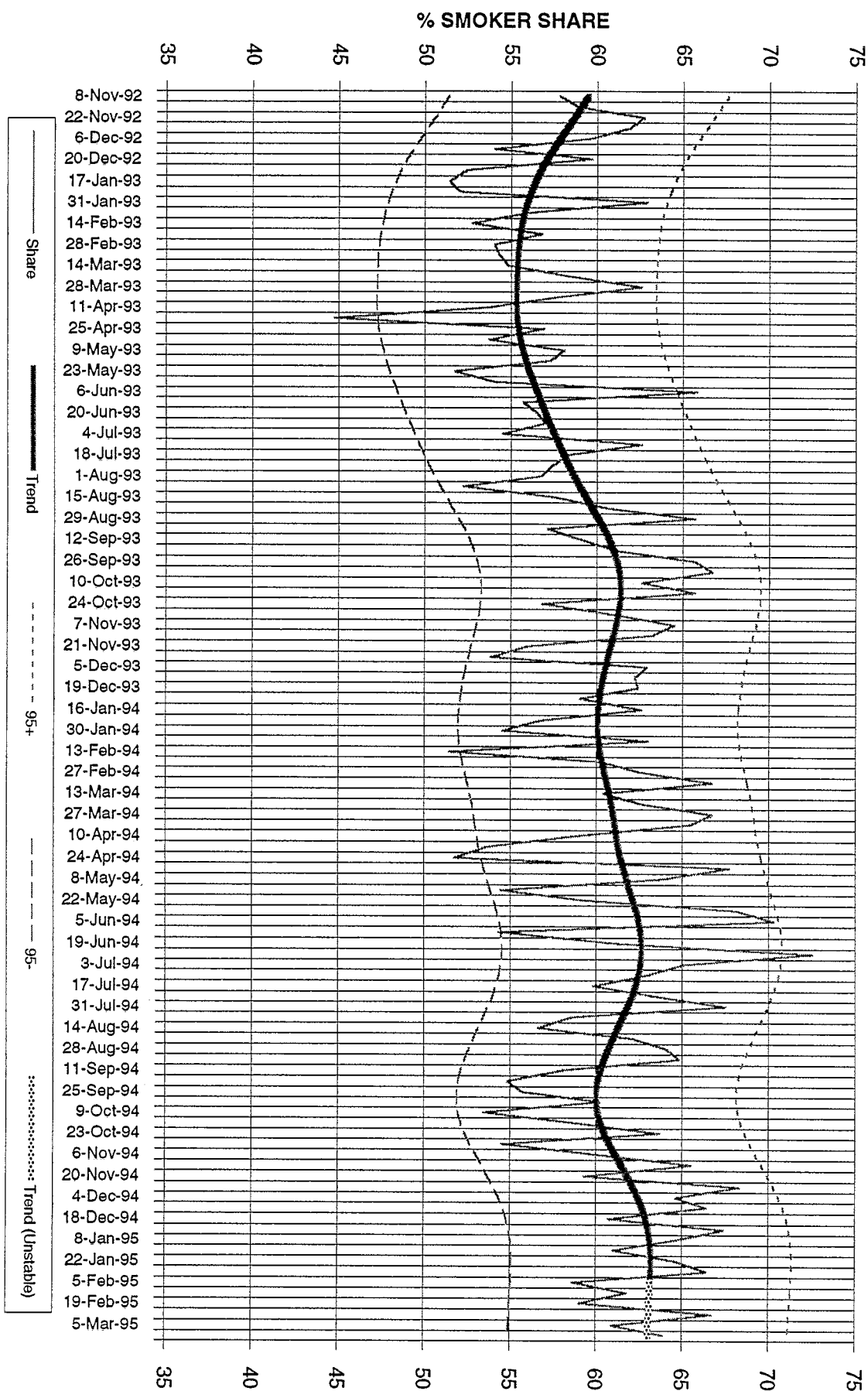
MARLBORO SMOKER SHARE (AMONG TOTAL SMOKERS)



MARLBORO VOLUMETRIC SHARE (AMONG TOTAL SMOKERS)



MARLBORO SMOKER SHARE (AMONG 18-24 SMOKERS)



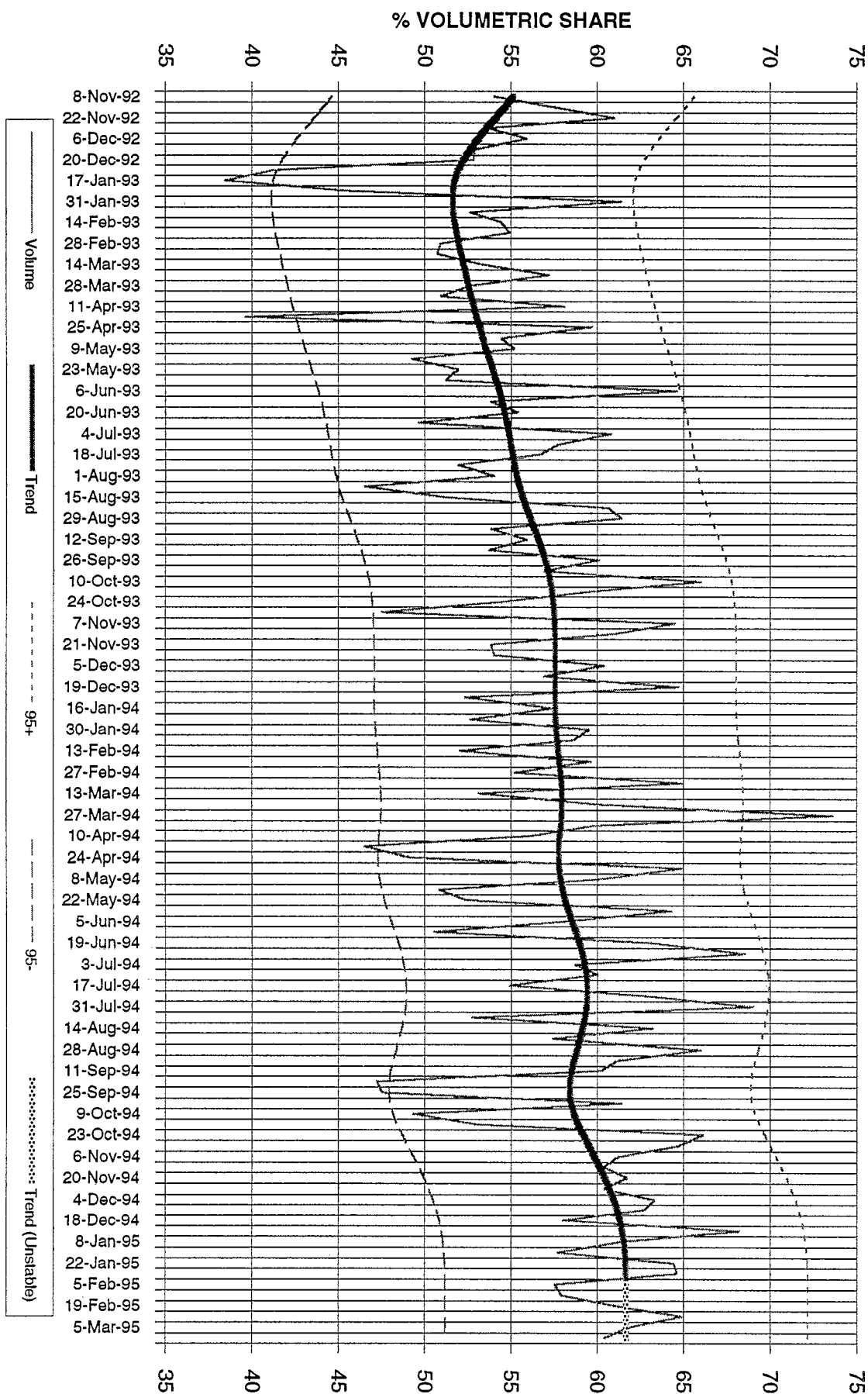
SOURCE: SMOKER TRACKING STUDY-WEEKLY

FEBRUARY AND MARCH 95 REPRESENTS TOP LINE DATA

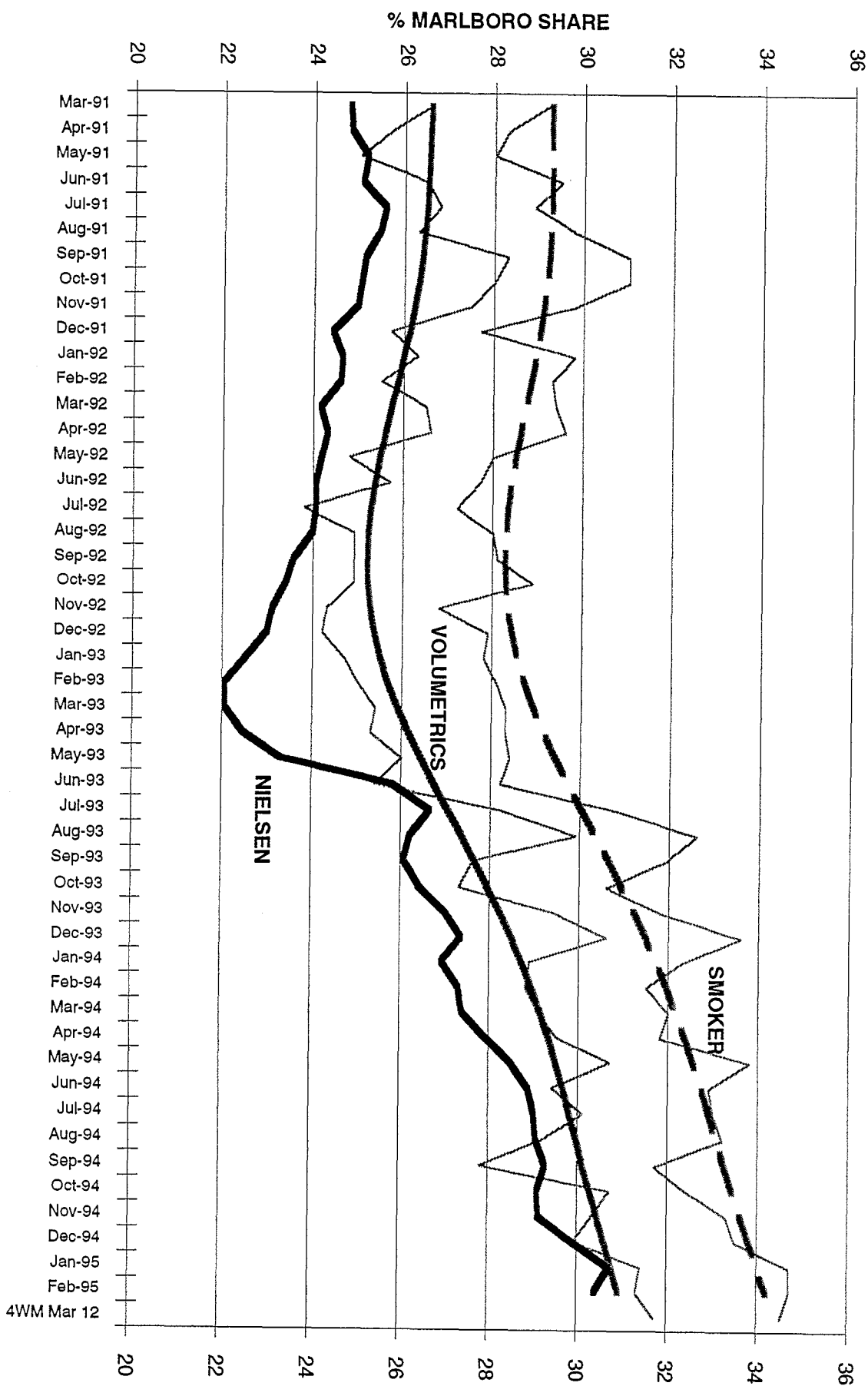
WKMARS AGE (SPLINE BY 1000)

2030855402

MARLBORO VOLUMETRIC SHARE (AMONG 18-24 SMOKERS)



MARLBORO SMOKER AND VOLUMETRIC SHARE TRENDS (AMONG TOTAL SMOKERS)



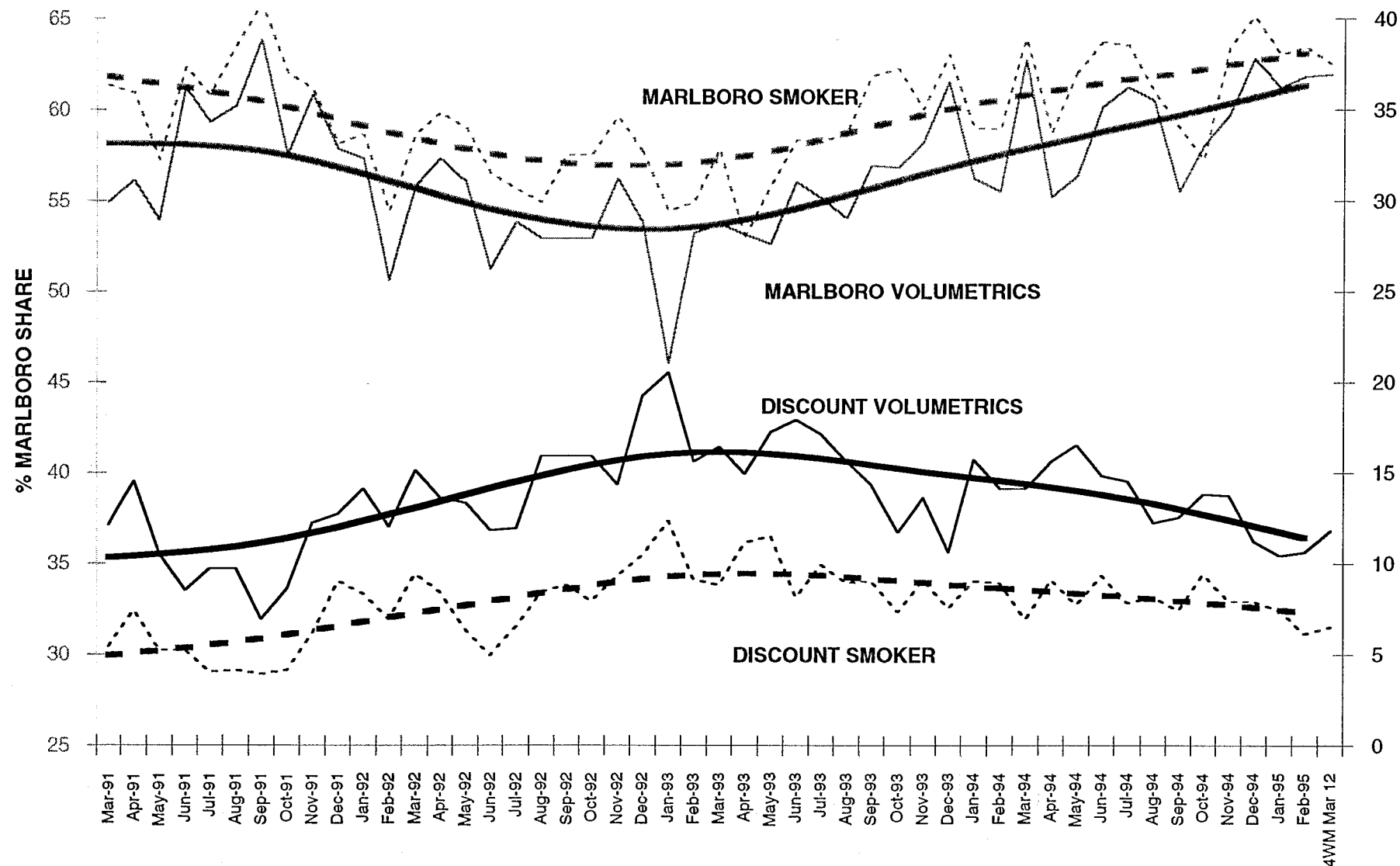
SOURCE: CONTINUOUS TRACKING STUDY, NIELSEN-MONTHLY

FEBRUARY AND MARCH 95 REPRESENT TOP LINE DATA

MONTH, TOT (SPLINE BY 1000)

2045858034

MARLBORO SMOKER AND VOLUMETRICS SHARE TRENDS (AMONG 18-24 SMOKERS)



SOURCE: CONTINUOUS SMOKER TRACKING STUDY-1MM

FEBRUARY AND MARCH '95 REPRESENT TOP LINE DATA

MONTH/AGE (SPLINE BY 1000)

204588055

Source: <https://www.industrydocuments.ucsf.edu/docs/ffbb0145>

DAVE'S TEST MARKET UPDATE: W/E 3/11/95

SEATTLE

- At week 10, Dave's share and promotional incidence in Seattle was higher than its level in Denver with lower distribution.
- C-store share (1.7%) and share in stores stocking (2.1%) rose this week due to increased in-store promotional activity.
- Distribution in both Nielsen and STARS sources is lower in Seattle than Denver at the same points in time, but closing the gap: -8% and -4% respectively.

DENVER

- Dave's weekly C-Store share (1.0 %) remained level although in-store promotions sold through this week.
- STARS reorders were in 89% of C-Stores that have carried Dave's.
- Weekly supermarket distribution (59%) decreased slightly while shares have remained level.
 - 0.3% share, 0.4% in stores stocking.

2045858036

DAVE'S STATUS

| SOURCE: | DENVER | | | SEATTLE | |
|-----------------------------|-------------------------------------|-----------------------------------|----------------------------|-----------------------------------|----------------------------|
| | STARS C-STORES (CUM THRU 3/4) | NIELSEN C-STORES (w/e 3/11) | SUPERMARKETS (w/e 3/11) | NIELSEN C-STORES (w/e 3/11) | SUPERMARKETS (w/e 3/11) |
| RETAIL DISTRIBUTION | 89% | 98% | 59% | 83% | 41% |
| SHARE | 1.08% | 1.01% | 0.25% | 1.73% | 0.34% |
| SHARE IN STORES STOCKING | 1.16% | 1.03% | 0.42% | 2.08% | 0.83% |
| % STORES W/ PROMO | N/A | 0% | 10% | 8% | 0% |
| DAVE'S PRICING | - | \$1.55 | \$1.52 | \$1.84 | \$2.08 |
| MARLBORO PRICING | | \$1.84 | \$1.85 | \$2.35 | \$2.53 |

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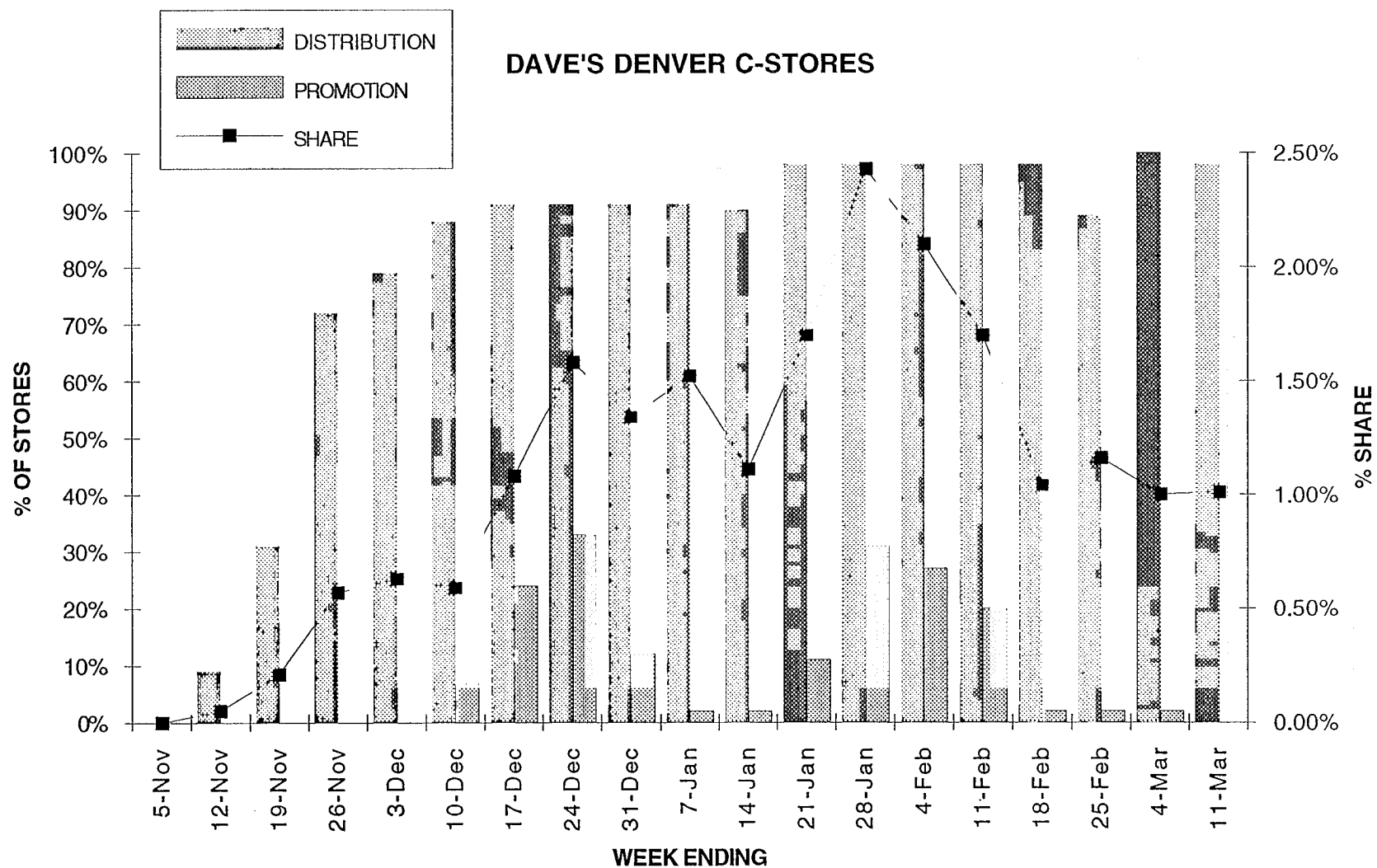
DAVE'S C-STORE PERFORMANCE - DENVER VS. SEATTLE

NIELSEN

| WEEK | DISTRIBUTION | | SHARE | | % OF STORE W/ PROMO | |
|------|--------------|---------|--------|---------|---------------------|---------|
| | DENVER | SEATTLE | DENVER | SEATTLE | DENVER | SEATTLE |
| 1 | 0% | 18% | 0.00% | 0.04% | 0% | 0% |
| 2 | 9% | 28% | 0.05% | 0.19% | 0% | 0% |
| 3 | 31% | 47% | 0.21% | 0.47% | 0% | 0% |
| 4 | 72% | 58% | 0.57% | 0.60% | 0% | 0% |
| 5 | 79% | 67% | 0.63% | 0.98% | 0% | 19% |
| 6 | 88% | 77% | 0.59% | 2.44% | 7% | 19% |
| 7 | 91% | 76% | 1.08% | 1.26% | 24% | 9% |
| 8 | 91% | 75% | 1.58% | 1.45% | 33% | 0% |
| 9 | 91% | 81% | 1.34% | 1.14% | 12% | 0% |
| 10 | 91% | 83% | 1.52% | 1.73% | 2% | 8% |
| 11 | 90% | | 1.11% | | 2% | |
| 12 | 98% | | 1.70% | | 11% | |
| 13 | 98% | | 2.43% | | 31% | |
| 14 | 98% | | 2.10% | | 27% | |
| 15 | 98% | | 1.70% | | 20% | |
| 16 | 98% | | 1.04% | | 2% | |
| 17 | 89% | | 1.16% | | 2% | |
| 18 | 100% | | 1.00% | | 2% | |
| 19 | 98% | | 1.01% | | 0% | |

SOURCE: NIELSEN

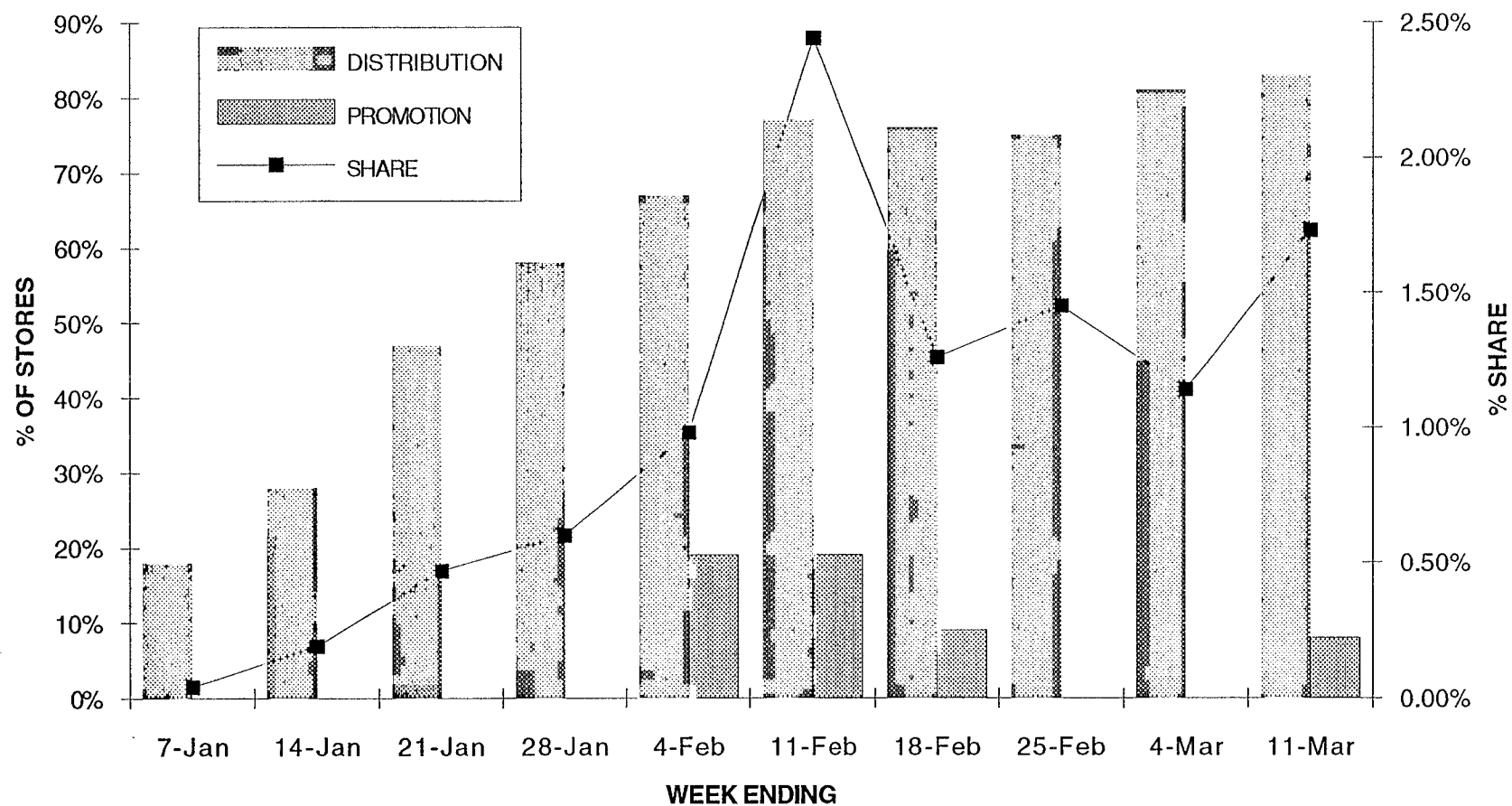
20458589402



SOURCE: NIELSEN

2045858039

DAVE'S SEATTLE C-STORES



SOURCE: NIELSEN

2045858040

WEEKLY UPDATEMarch 17, 1995Shipments

- This week's industry volume held at last week's and projected levels.
- RJR declined, while B&W was higher.
- PM's weekly volume was even with last week, slightly above projected levels.
- PM QTD volume (41.9 billion) was -0.1 billion units below projected level, and -2.6% below 1994.
- First Quarter volume (50.6 billion units) is projected to be even with OB.
- PM QTD share (45.8%) remains favorable with First Quarter OB (45.3%).
- First Quarter share is expected to be 46.0%, +0.7 points above OB and +2.9 points higher than year ago.

Retail and Consumer Trends

- Basic's share of category is above its trigger point, while Basic's share gap with GPC is below its trigger.
- PM-USA and Marlboro short term share growth have slowed as incentive support decreased.
- Consistent at retail and among Young Adult Smokers.
- Share is anticipated to increase as March promotions continue to expand: B4G1F incidence, MCS catalog

Placements

- Discount category "first week of the month" impact continued.
- Promotional Buydown Incidence is increasing for GPC (at record 5.5% share), Montclair, Misty; free product incidence for Basic.
- Longer term trend continues to increase.
- Competitive Premium promotional activity is expanding.
- Camel B3G3F (at 5%), Newport money-off incidence (at a 29% high).
- The Retail Pack Gap (49%, 63¢) increased as greater promotional support reduced Lowest discount prices to a YTD low.
- ≤99¢ incidence (18%) increased to the high end of its range.

2045858041

SHIPMENTS

(To All Direct Accounts)

COMPANY

13 wk Base Dec. 16,1994
March 17, 1995 (13wm)

| <u>PM</u> | <u>RJR</u> | <u>B&W</u> | <u>Lorillard</u> | <u>Liggett</u> |
|--------------|--------------|----------------|------------------|----------------|
| 45.51 | 25.31 | 19.37 | 7.56 | 2.19 |
| <u>45.74</u> | <u>25.81</u> | <u>18.51</u> | <u>7.87</u> | <u>2.20</u> |
| 0.23 | 0.50 | (0.86) | 0.31 | 0.01 |

CATEGORY

13 wk Base Dec. 16,1994
March 17, 1995 (13wm)

| <u>Premium</u> | <u>Discount</u> |
|----------------|-----------------|
| 67.42 | 32.58 |
| <u>69.41</u> | <u>30.59</u> |
| 1.99 | (1.99) |

7.05 vs .86

PM MAJOR BRANDS

13 wk Base Dec. 16,1994
March 17, 1995 (13wm)

| <u>Marlboro</u> | <u>PM OPB</u> | <u>V. Slims</u> | <u>B & H</u> | <u>Merit</u> | <u>Parliament</u> |
|-----------------|---------------|-----------------|------------------|--------------|-------------------|
| 28.90 | 7.84 | 2.34 | 2.30 | 2.35 | 0.66 |
| <u>29.41</u> | <u>8.19</u> | <u>2.46</u> | <u>2.41</u> | <u>2.44</u> | <u>0.69</u> |
| 0.51 | 0.35 | 0.12 | 0.11 | 0.09 | 0.03 |

PM BRANDED DISCOUNTS

13 wk Base Dec. 16,1994
March 17, 1995 (13wm)

| <u>Basic</u> | <u>Cambridge</u> | <u>Bristol</u> | <u>Alpine</u> |
|--------------|------------------|----------------|---------------|
| 4.99 | 1.77 | 0.15 | 0.32 |
| <u>4.64</u> | <u>1.60</u> | <u>0.14</u> | <u>0.32</u> |
| (0.35) | (0.17) | (0.01) | 0.00 |

PM PRIVATE LABEL

13 wk Base Dec. 16,1994
March 17, 1995 (13wm)

| <u>PM</u> |
|-------------|
| 1.47 |
| <u>1.36</u> |
| (0.11) |

2045858042

WEEKLY UPDATE

March 17, 1995

Shipments

- This week's industry volume held at last week's and projected levels.
 - RJR declined, while B&W was higher.
- PM's weekly volume was even with last week, slightly above projected levels.
 - PM QTD volume (41.9 billion) was -0.1 billion units below projected level, and -2.6% below 1994.
 - First Quarter volume (50.6 billion units) is projected to be even with OB.
 - PM QTD share (45.8%) remains favorable with First Quarter OB (45.3%).
 - First Quarter share is expected to be 46.0%, +0.7 points above OB and +2.9 points higher than year ago.

Retail and Consumer Trends

- Basic's share gap with GPC is *the* only performance measure below its trigger.
- PM-USA and Marlboro short term share growth have slowed as promotional support decreased.
 - Consistent at retail and among Young Adult Smokers.
 - Share is anticipated to increase as March promotions continue to expand: B4G1F incidence, MCS catalog placements.
- Partial "first week of the month" impact on the Discount category continued into a second week.
 - Promotional Buydown incidence is increasing for GPC (at record ~~15.5% share~~), Montclair, Misty; free product incidence for Basic.
- Competitive Premium promotional activity is expanding.
 - Camel B3G3F (at 5%), Newport money-off incidence (at a 29% high).
- The Retail Pack Gap (49%, 63¢) increased as greater promotional support reduced Lowest discount prices to a YTD low.
- ≤99¢ incidence (18%) increased to the high end of its range.

2045858043

DAVE'S TEST MARKET UPDATE: W/E 3/11/95

SEATTLE

- At week 10, Dave's share and promotional incidence in Seattle was higher than its level in Denver with lower distribution.
- C-store share (1.7%) and share in stores stocking (2.1%) rose this week due to increased in-store promotional activity.
- Distribution in Seattle in both Nielsen and STARS services ^{2.9% share in Seattle} lower than Denver at the same points in time, but closing the gap: -8% and -4% respectively.

DENVER

- Dave's weekly C-Store share (1.0 %) remained level although in-store promotions sold through this week.
- STARS reorders were in 89% of C-Stores that have carried Dave's.
- Weekly supermarket distribution (59%) decreased slightly while shares have remained level.
 - 0.3% share, 0.4% in stores stocking.

2045858044

5 and 2
Distribution in Seattle
Denver distribution 57% share
then share at the
same points in time; but closing
DAVE'S TEST MARKET**UPDATE: W/E 3/11/95**
*Gap: - 8% and - 4%
closely***SEATTLE**

- At week 10, Dave's share and promotional incidence in Seattle was higher than its level in Denver with lower distribution.
- C-store share (1.7%) and share in stores stocking (2.1%) rose this week due to increased in-store promotional activity.
- Nielsen ^{avg} distribution is 8 points lower than Denver at week 10 but closing the gap.
 - C-Store distribution ~~(83%)~~ expanded +2 points for the week.
- STARS distribution level is comparable to Denver (within 4%) at the same point in time (week 9).
- ~~Dave's pack price (\$1.84) is lower than Basic (\$1.94).~~

DENVER

- Dave's weekly C-Store share (1.0 %) remained level although in-store promotions sold through this week.
- ~~Dave's pack price (\$1.55) was slightly higher than Basic's (\$1.48).~~
- STARS reorders were in 89% of C-Stores that have carried Dave's.
- Weekly supermarket distribution (59%) decreased slightly while shares have remained level.
 - 0.3% share, 0.4% in stores stocking.

2045858045

Distribution ~~in both~~ ^{in both} taken care of STARS services: lower than Denver at the same point in time; but closing the gap: - 8% and - 4% respectively

DAVE'S TEST MARKET**UPDATE: W/E 3/11/95****SEATTLE**

- At week 10, Dave's share and promotional incidence in Seattle was higher than its level in Denver with lower distribution.
- C-store share (1.7%) and share in stores stocking (2.1%) rose this week due to increased in-store promotional activity.
- Nielsen ^{and} distribution is 8 points lower than Denver at week 10 but closing the gap.
- C-Store distribution (93%) expanded +2 points for the week.
- STARS distribution level is comparable to Denver (within 4%) at the same point in time (week 9).
- Dave's pack price (\$1.84) is lower than Basic (\$1.94).

DENVER

- Dave's weekly C-Store share (1.0 %) remained level although in-store promotions sold through this week.
- Dave's pack price (\$1.55) was slightly higher than Basic's (\$1.48).
- STARS reorders were in 89% of C-Stores that have carried Dave's.
- Weekly supermarket distribution (59%) decreased slightly while shares have remained level.
 - 0.3% share, 0.4% in stores stocking.

2045858046

DAVE'S TEST MARKET UPDATE: W/E 3/11/95

SEATTLE

- At week 10, Dave's share and promotional incidence in Seattle was higher than its level in Denver with lower distribution.
- C-store share (1.7%) and share in stores stocking (2.1%) rose this week due to increased in-store promotional activity.
- Nielsen distribution is 8 points lower than Denver at week 10 but closing the gap.
 - C-Store distribution (83%) expanded +2 points for the week.
- ~~STARS distribution was 78% at week 9, compared to 82% in Denver at the same point in time.~~ ^{is comparable to Denver (week 4%)} (week 9).
- Dave's pack price (\$1.84) is lower than Basic (\$1.94).

DENVER

- Dave's weekly C-Store share (1.0 %) remained level although in-store promotions sold through this week.
- Dave's pack price (\$1.55) was slightly higher than Basic's (\$1.48).
- STARS reorders were in 89% of C-Stores that have carried Dave's.
- Weekly supermarket distribution (59%) decreased slightly while shares have remained level.
 - 0.3% share, 0.4% in stores stocking.

2045858047

DAVE'S TEST MARKET
UPDATE: W/E 3/11/95

SEATTLE

- At week 10, Dave's share and promotional incidence in Seattle was higher than its level in Denver with lower distribution.
- C-store share (1.7%) and share in stores stocking (2.1%) rose this week due to increased in-store promotional activity.
- Distribution is 8 points lower than Denver at week 10 but closing the gap.
- C-Store distribution (83%) expanded +2 points for the week.

• Dave's pack price (\$1.84) is lower than Basic (\$1.94).

DENVER

- Dave's weekly C-Store share (1.0 %) remained level although in-store promotions sold through this week.
- Dave's pack price (\$1.55) was slightly higher than Basic's (\$1.48).
- STARS reorders were in 82% of C-Stores that have carried Dave's.
- Weekly supermarket distribution (59%) decreased slightly while shares have remained level.
- 0.3% share, 0.4% in stores stocking.

2045858048

DAVE'S STATUS

| SOURCE: | DENVER | | NIELSEN | | SEATTLE | |
|-----------------------------|--------------------------------------|------|------------------------|----------------------------|-----------------------------------|----------------------------|
| | STARS C-STORES (CUM THRU 2/18) | | C-STORES (w/e 3/11) | SUPERMARKETS (w/e 3/11) | NIELSEN C-STORES (w/e 3/11) | SUPERMARKETS (w/e 3/11) |
| RETAIL DISTRIBUTION | 87 83% | 89 | 98% | 59% | 78% 83% | 41% |
| SHARE | 1.19% | 1.08 | 1.01% | 0.25% | N/A 1.73% | 0.34% |
| SHARE IN STORES STOCKING | 1.28% | 1.16 | 1.03% | 0.42% | N/A 2.08% | 0.83% |
| % STORES W/ PROMO | N/A | | 0% | 10% | 8% | 0% |
| DAVE'S PRICING | - | | \$1.55 | \$1.52 | \$1.84 | \$2.08 |
| MARLBORO PRICING | | | \$1.84 | \$1.85 | \$2.35 | \$2.53 |

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PM'S PERFORMANCE IN C-STORES
WEEKLY C-STORE AUDITS - W/E 3/11/95

| <u>4-WEEK PERFORMANCE ISSUES</u> | <u>LATEST 4 WEEKS</u> | | <u>LATEST WEEK</u> | |
|--|------------------------------|-------------------|---------------------------|-------------------|
| | <u>SHARE%</u> | <u>CHG</u> | <u>SHARE%</u> | <u>CHG</u> |
| PM Growth Slowing due to Promotional Sell-Through | <u>48.6%</u> | <u>0.1</u> | <u>48.6%</u> | <u>0.0</u> |
| • Marlboro Share Growth Slowing | 33.2 | 0.2 | 33.1 | -0.2 |
| • PM OPB Share Stable, At Long-Term Trend | 7.6 | 0.0 | 7.6 | 0.0 |
| • PM Discount Share Decline Moderating | 7.8 | -0.1 | 7.9 | 0.2 |
| • Basic SOC Promotionally Related | 15.7 | -0.1 | 16.0 | 0.1 |
| RJR Share Stabilizing | <u>26.8</u> | <u>-0.2</u> | <u>26.7</u> | <u>-0.2</u> |
| • Camel Share Stabilizing | 5.0 | -0.1 | 4.9 | -0.1 |
| • Doral's Gains Promotionally Influenced | 4.7 | 0.2 | 4.8 | 0.0 |
| • Winston Share Stabilizing, as Promotions Sell Through | 5.5 | 0.0 | 5.4 | -0.1 |
| • GPC At Record ^{highest} Level ^{to-date} | 6.1 | 0.0 | 6.3 | 0.2 |
| Discount Category On Long Term Decline | <u>30.4</u> | <u>-0.3</u> | <u>30.7</u> | <u>0.5</u> |
| • Partial "First Week of The Month" Impact Continues | | | | |

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PM'S ALL OUTLET COMBINED PERFORMANCE
WEEKLY INTEGRATED NIELSEN - W/E 3/11/95

| <u>4-WEEK PERFORMANCE ISSUES</u> | <u>LATEST 4 WEEKS</u> | | <u>LATEST WEEK</u> | |
|--|-----------------------|-------------|--------------------|-------------|
| | <u>SHARE%</u> | <u>CHG</u> | <u>SHARE%</u> | <u>CHG</u> |
| PM Growth Slowing due to Promotional Sell-Through | <u>47.3%</u> | <u>-0.1</u> | <u>47.3%</u> | <u>0.0</u> |
| • Marlboro Share Growth Slowing | 30.5 | 0.0 | 30.4 | -0.1 |
| • PM OPB Share Stable At Long Term Trend | 8.9 | -0.1 | 8.9 | 0.0 |
| • PM Discount Share Stable | 8.0 | 0.0 | 8.1 | 0.1 |
| • Basic SOC Promotionally Related | 15.4 | 0.1 | 15.6 | 0.0 |
| RJR Share Stabilizing | <u>27.5</u> | <u>-0.1</u> | <u>27.3</u> | <u>-0.2</u> |
| • Camel Share Stable | 4.5 | 0.0 | 4.4 | 0.0 |
| • Doral's Gains Promotionally Influenced | 4.9 | 0.2 | 5.0 | 0.0 |
| • Winston Share Stabilizing, as Promotions Sell Through | 5.9 | 0.0 | 5.8 | -0.1 |
| • GPC At ^{High} Record Level ^{to date} | 5.3 | 0.1 | 5.5 | 0.1 |
| Discount Category On Long Term Decline | <u>29.6</u> | <u>-0.2</u> | <u>29.9</u> | <u>0.3</u> |
| • Partial "First Week Of The Month" Impact Continues | | | | |

2045858051

DAVE'S TEST MARKETUPDATE: W/E 3/4/95SEATTLE

green At week 9, Dave's share in Seattle was slightly lower (~~1.0%~~) than its level in Denver with lower promotional incidence, and lower distribution. *and promotional incidence higher (1.7%)*

• C-store share (1.7%) and share in stores stocking (1.4%) *rose* declined this week due to increased in store promotional sell-through activity. *2.1*

• No promotion activity evident this week. *10*

• Distribution is 10 points lower than Denver at week 9 but closing the gap.

• C-Store distribution (8.1%) expanded +8 points for the week.

• Dave's pack price (\$1.92) is now at parity with Basic (\$1.94). *1.84 lower than*

DENVER

• Dave's weekly C-Store share (1.0 %) *remained level although there were no* decreased 0.2 points as promotional availability *in store* declined to 2% of stores over the past three weeks. (Week 18)

• Dave's pack price (\$1.51) is slightly higher than Basic's (\$1.47). *1.48*

• STARS reorders were in 83% of C-Stores that have carried Dave's.

• Weekly supermarket distribution (61%) increased while shares have remained level. *promotions evident*

• 0.3% share, 0.4% in stores stocking. *5% de slightly*

2045858052

DAVE'S STATUS

| SOURCE: | DENVER | NIELSEN | | SEATTLE | |
|-----------------------------|--------------------------------------|--------------------------|------------------------------|--------------------------|------------------------------|
| | STARS C-STORES (CUM THRU 2/18) | C-STORES (w/e 3/4) 11 | SUPERMARKETS (w/e 3/4) 11 | C-STORES (w/e 3/4) 11 | SUPERMARKETS (w/e 3/4) 11 |
| RETAIL DISTRIBUTION | 83 84% | 98 100% | 61% 59 | 83 81% | 34% 41 |
| SHARE | 1.19% | 1.01 1.00% | 0.25% ✓ | 1.73 1.14% | 0.25% .34 |
| SHARE IN STORES STOCKING | 1.28 1.34% | 1.03 1.00% | 0.41% 42 | 2.08 1.41% | 0.74% .83 |
| % STORES W/ PROMO | N/A | 0 2% | 2% 10 | 0% 8 | 0% ✓ |
| DAVE'S PRICING | - | 1.55 \$1.51 | \$1.54 2 | \$1.92 1.84 | \$2.06 8 |
| MARLBORO PRICING | | \$1.84 ✓ | \$1.84 5 | \$2.36 | \$2.53 ✓ |

5

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imply these
we over
the P over
to change
things

Philip Morris USA

Trigger Points

PM-USA TRIGGERS

(4wm Nielsen, Consumer Tracking Trend, Nielsen Pricing)

| Measures | Trigger 1st half 1995 | Latest Data 4wm | 1995 O.B. | 1994 | 4Q 1994 |
|--|-----------------------------|--------------------------|-----------|------|---------|
| • Marlboro share of Market | 29.6 | 30.4 30.5 ✓ | 29.6 | 28.6 | 29 |
| • Marlboro share of young adult smoker volume | 59.0 | 61.7 ** ✓ | n/a | 58.6 | 60.9 |
| • Marlboro share of young adult smokers | 60.0 | 63.1 ** ✓ | n/a | 61.3 | 61.8 |
| • Premium Category share of market | 69.3 | 70.4 ✓ | 68.5 | 68.5 | 69.5 |
| • Basic share of Discount Category | 15.2 | 15.1 15.4 ✓ | 15.8 | 14.5 | 14.7 |
| • Basic less GPC share of market | -0.5 | -0.9 -0.8 red | n/a | -0.3 | -0.5 |
| 4.54 - 5.34 • Total Branded Products share of market | 92.8 | 93.4 93.5 ✓ | 93.1 | 92.8 | 93.3 |
| • Marlboro vs. Lowest Discount pack price gap* | 65¢ | 62¢ | n/a | 59¢ | 59¢ |
| • PM-USA share of market | 46.5 | 47.2 47.3 ✓ | 47.0 | 46.2 | 46.4 |

Note:

* New Nielsen pricing panel data are shown for 1995, while 1994 data reflects old pricing panel.

** Latest smoothed trend point (Jan)

2045858055

for the
REGIONALLY, ON A WEEKLY-BASIS, PRICE GAPS INCREASED IN ALL GEOGRAPHIES (EXCEPT REGION 4) AS INCREASED PROMOTIONAL SUPPORT ON DISCOUNT BRANDS REDUCED THE LOWEST DISCOUNT PRICE.

| | 3/11 | | | | | |
|----------|-----------------|------------------------|---------------|--------------|----------------------|------------------------|
| | <u>Marlboro</u> | <u>Lowest Discount</u> | <u>\$ GAP</u> | <u>% GAP</u> | <u>Chg. vs. WAGO</u> | <u>4 WK vs. 4 WAGO</u> |
| NATIONAL | 1.92 | 1.29 | \$0.63 | 48.8% | \$0.01 | \$0.03 |
| R1 | 2.09 | 1.48 | \$0.61 | 41.2% | \$0.01 | \$0.00 |
| R2 | 1.76 | 1.14 | \$0.62 | 54.4% | \$0.02 | \$0.02 |
| R3 | 1.90 | 1.28 | \$0.62 | 48.4% | \$0.02 | \$0.01 |
| R4 | 1.90 | 1.31 | \$0.59 | 45.0% | \$0.00 | \$0.02 |
| R5 | 2.05 | 1.35 | \$0.70 | 51.9% | \$0.01 | \$0.01 |

SOURCE: NIELSEN PRICING AUDIT

2045858056

3/22/95

MARLBORO SMOKER SHARE

- Marlboro smoker and volumetric share trends remain at record highs, near record Nielsen retail performance.
- Among Young Adult Smokers, share trends are leveling off, but remain above 60%.
- Among Total Smokers, trends remain positive, over 34% in smoker and 31% in volumetric share.
 - 25-34 year olds have contributed a large portion of Marlboro's growth over the past year.

*in contrast with
comparable*

MARLBORO SMOKER SHARE

- near record*
- Marlboro smoker and volumetric share trends remain ^{at} near record highs, comparable to ~~volume~~ Nielsen retail performance.

- Among Young Adult Smokers, share trends are leveling off, but remain above 60%.
- Among Total Smokers, trends remain positive, over 34% in smoker and 31% in volumetric share.
 - 25-34 year olds have contributed a large portion of Marlboro's growth over the past year.

2045858058

Christine -
all 28 items
except pricing
can be copied for
4 working copies
smoker share and
triggers for 28 books

2045858059

MARLBORO SMOKER SHARE

- Marlboro smoker and volumetric share trends remain near record highs, comparable to Nielsen retail performance.

- Among Young Adult Smokers, share trends are leveling off, but remain above 60%.

- Among Total Smokers, trends remain positive, over 34% in smoker and 31% in volumetric share.

- 25-34 year olds have contributed a large portion of Marlboro's growth over the past year.

WATCH LIST

- Marlboro Promoted Share ~~Gains~~
- Retail Promotional Mix *changing*
 - Incentives Selling Through
 - Free Product and MCS Catalog Placements *expanding*
reducing
- Q1 1995 Forecast
 - PM Promotional Shipments Balance of Quarter
 - Basic Going Rate
- ~~Competitive promotional expansion~~
 - GPC and Montclair Promotional Interaction
 - ~~Shifts in Promotional Support~~
- ~~Samuel B 353F~~
~~New York money off deals~~
~~Free Product shipments~~
- Potential RJR Unit and IFO Shortfalls
 - Q1 1995
 - Pressure to Increase Prices

2045858060

WATCH LIST

- Marlboro Retention of Promoted Share ^{Issue} ~~Gains~~

- Q1 1995 Forecast

- PM Promotional Shipments Balance of Quarter
- Basic Going Rate

- GPC and Montclair Promotional Interaction

- Shifts in Promotional Support

- Potential RJR Response in Southeast

- Potential RJR Unit and IFO Shortfalls

- Q1 1995

- Pressure to Increase Prices

7
Fronts Labels
BSW
1

2045858061

WATCH LIST

- Marlboro Promoted Share Gains
 - Retail Promotional Mix Changing
 - Incentives Selling Through
 - Free Product and MCS Catalog Placements Expanding
- Q1 1995 Forecast
 - PM Promotional Shipments Balance of Quarter
 - Basic Going Rate
- Competitive Promotional Expansion
 - GPC and Montclair Promotional Interaction
 - Camel B3G3F
 - Newport Money-Off Deals
- Potential RJR Unit and IFO Shortfalls
 - Q1 1995
 - Pressure to Increase Prices

2045858062

Philip Morris USA

McLane Shipments

PM SHIPMENTS TO MCLANE WERE ABOVE NORM FOR THE
SECOND CONSECUTIVE WEEK, ~~SLIGHTLY ABOVE~~ MCLANE
SHIPMENTS TO THEIR RETAILERS *near for the past two weeks*

TOTAL PM VOLUME MCLANE
(millions of cigarettes)

| <u>Week Ending</u> | <u>PM Shipped To McLane</u> | <u>McLane Shipped To Retailers</u> | <u>Difference</u> |
|--------------------|---------------------------------|--|-------------------|
| 1/6/95 | 779.1 | 551.0 | 228.1 |
| 1/13 | 142.7 | 579.6 | -436.9 |
| 1/20 | 332.7 | 573.6 | -240.9 |
| 1/27 | 258.1 | 555.5 | -297.4 |
| 2/3 | 490.6 | 553.0 | -62.4 |
| 2/10 | 594.4 | 583.6 | 10.8 |
| 2/17 | 565.6 | 584.4 | -18.8 |
| 2/24 | 618.5 | 593.2 | 25.3 |
| 3/3 | 589.7 | 631.9 | -42.2 |
| 3/10 | 616.2 | 620.8 | -4.6 |
| 3/17 | 641.3 | 605.9 (e) | 35.4 |
| AVERAGE WEEK-YTD | 511.7 | 584.8 | -73.1 |
| YTD 1995 | 5,628.9 | 6,432.5 | -803.6 |

All volumes through 10/21/94 exclude 24 Sam's Clubs in Michigan which purchased directly from PM. As of 10/28, these are included in McLane's Northeast Division.

8908985102

Philip Morris USA

McLane Shipments

PM SHIPMENTS TO MCLANE WERE ABOVE NORM FOR THE SECOND CONSECUTIVE WEEK, SLIGHTLY ABOVE MCLANE SHIPMENTS TO THEIR RETAILERS.

TOTAL PM VOLUME MCLANE
(millions of cigarettes)

| <u>Week Ending</u> | <u>PM Shipped To McLane</u> | <u>McLane Shipped To Retailers</u> | <u>Difference</u> |
|--------------------|---------------------------------|--|-------------------|
| 1/6/95 | 779.1 | 551.0 | 228.1 |
| 1/13 | 142.7 | 579.6 | -436.9 |
| 1/20 | 332.7 | 573.6 | -240.9 |
| 1/27 | 258.1 | 555.5 | -297.4 |
| 2/3 | 490.6 | 553.0 | -62.4 |
| 2/10 | 594.4 | 583.6 | 10.8 |
| 2/17 | 565.6 | 584.3 534.4 | -18.7 |
| 2/24 | 618.5 | 593.2 | 25.3 |
| 3/3 | 589.7 | 631.9 | -42.2 |
| 3/10 | 616.2 | 614.3 (e) 620.3 | 1.9 |
| 3/17 | 641.3 | 605.9 (e) | 35.4 |
| AVERAGE WEEK-YTD | 511.7 | 584.2 | -72.5 |
| YTD 1995 | 5,628.9 | 6,425.9 | -797.0 |

All volumes through 10/21/94 exclude 24 Sam's Clubs in Michigan which purchased directly from PM. As of 10/28, these are included in McLane's Northeast Division.

7908989702

PM-USA FIRST QUARTER PERFORMANCE W/E 3/17/95

- Industry volume (9.1 billion units) remained even with last week and near expected levels.
 - RJR decreased, while B&W was higher.
 - Discount shipments for B&W and Liggett continued to be higher than normal.
- PM USA's volume (4.1 billion) was near last week and slightly above projected levels.
 - PM-USA's current shares were stable and are above First Quarter OB.
 - Week (45.7%)
 - QTD (45.8%)
- PM-USA's QTD volume was -0.1 billion units below OB and -2.6% below last year.
 - QTD share (45.8%), is expected to rise to 46.0% for the First Quarter.
 - +0.7 points above OB.
 - +2.9 points above 1Q94.
 - +0.5 above 4Q94.
- Basic's 13 week share of Discount (15.2%) increased +0.2 points above last week.

20458585102

PM-USA
FIRST QUARTER PERFORMANCE

W/E 3/10/95

3/17/95

- Industry volume (9.1 billion units) ~~increased~~ ^{remained} over last week ~~to~~ ^{near} expected levels.
- PM ~~experienced the largest week-to-week volume gain.~~ ^{RSR decreased, while B&W was higher}
- Discount shipments for ~~B&W~~ ^{continued to be}, B&W and Liggett ~~were~~ ^{year} higher than normal.
- PM USA's volume (4.2 billion) was ~~above~~ ^{year} last week and ~~projected~~ ^{slightly above} levels.
- PM-USA's current shares ~~increased~~ ^{remained stable} and are above First Quarter OB.
 - Week (45.7%)
 - 13-Week average (45.6%)
 - QTD (45.8%) ^{2 increased +0.2 points alone}
- Basic's 13 week share of Discount (15.0%) ~~was unchanged from~~ last week.
- PM-USA's QTD volume was ~~-0.2~~ ^{-0.1} billion units below OB and ~~-3.8%~~ ^{-2.6} below last year.
 - QTD share (45.8%), is expected to rise to 46.0% for the First Quarter.
 - +0.7 points above OB.
 - +2.9 points above 1Q94.
 - +0.5 above 4Q94.

9908989402

Philip Morris USA

McLane Shipments

PM SHIPMENTS TO MCLANE WERE ABOVE NORM FOR THE SECOND CONSECUTIVE WEEK, SLIGHTLY ABOVE MCLANE SHIPMENTS TO THEIR RETAILERS.

TOTAL PM VOLUME MCLANE (millions of cigarettes)

| <u>Week Ending</u> | <u>PM Shipped To McLane</u> | <u>McLane Shipped To Retailers</u> | <u>Difference</u> |
|--------------------|---------------------------------|--|--------------------------|
| 1/6/95 | 779.1 | 551.0 | 228.1 |
| 1/13 | 142.7 | 579.6 | -436.9 |
| 1/20 | 332.7 | 573.6 | -240.9 |
| 1/27 | 258.1 | 555.5 | -297.4 |
| 2/3 | 490.6 | 553.0 | -62.4 |
| 2/10 | 594.4 | 583.6 | 10.8 |
| 2/17 | 565.6 | 584.3 | -18.7 |
| 2/24 | 618.5 | 593.2 | 25.3 |
| 3/3 | 589.7 | 631.9 624.7 (e) | -35.0 -42.2 |
| 3/10 | 616.2 | 614.3 (e) | 1.9 |
| 3/17 | 641.3 | 605.9 (e) | 35.4 |
| AVERAGE WEEK-YTD | 511.7 | 584.2 583.5 | -71.8 -72.5 |
| YTD 1995 | 5,628.9 | 6425.9 6,418.7 | -789.8 -797.0 |

All volumes through 10/21/94 exclude 24 Sam's Clubs in Michigan which purchased directly from PM. As of 10/28, these are included in McLane's Northeast Division

20458589102

Philip Morris USA

McLane Shipments

PM SHIPMENTS TO MCLANE WERE ABOVE NORM ^{for the second consecutive} THIS WEEK,
~~NEARLY MATCHING MCLANE SHIPMENTS TO THEIR RETAILERS.~~

SLIGHTLY ABOVE

TOTAL PM VOLUME MCLANE (millions of cigarettes)

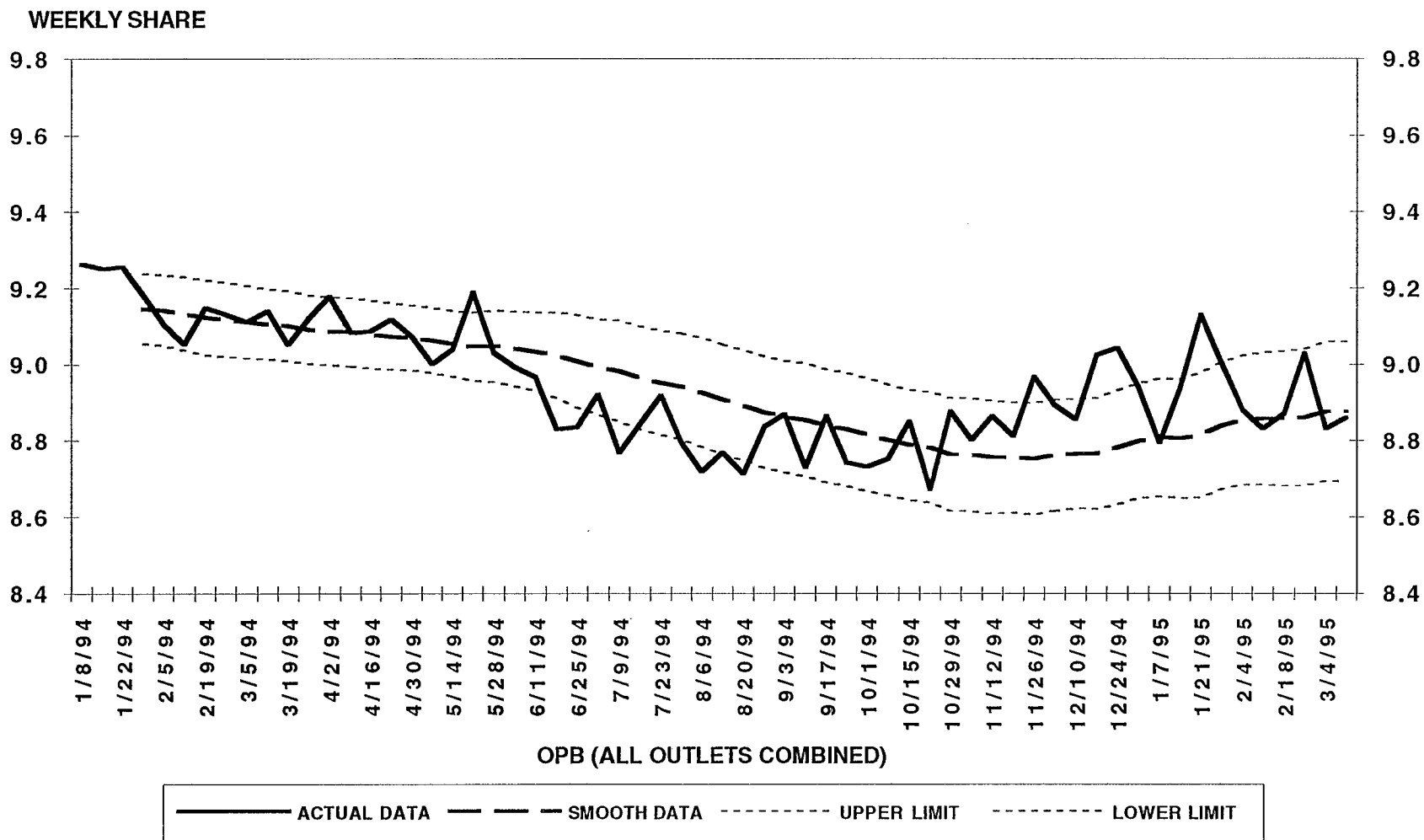
| <u>Week Ending</u> | <u>PM Shipped To McLane</u> | <u>McLane Shipped To Retailers</u> | <u>Difference</u> |
|--------------------|---------------------------------|--|-------------------|
| 1/6/95 | 779.1 | 551.0 | 228.1 |
| 1/13 | 142.7 | 579.6 | -436.9 |
| 1/20 | 332.7 | 573.6 | -240.9 |
| 1/27 | 258.1 | 555.5 | -297.4 |
| 2/3 | 490.6 | 553.0 | -62.4 |
| 2/10 | 594.4 | 583.6 | 10.8 |
| 2/17 | 565.6 | 584.3 | -18.7 |
| 2/24 | 618.5 | 593.2 | 25.3 |
| 3/3 | 589.7 | 624.7 (e) | -35.0 |
| 3/10 | 616.2 | 614.3 (e) | 1.9 |
| 3/17 | 641.3 | 605.9 (e) | 35.4 |
| AVERAGE WEEK-YTD | 511.7 | 581.3 | -82.5 |
| YTD 1995 | 5628.9 | 6418.7 | -825.2 |
| | 4987.6 | 5812.8 | -789.8 |

All volumes through 10/21/94 exclude 24 Sam's Clubs in Michigan which purchased directly from PM. As of 10/28, these are included in McLane's Northeast Division

8908989102

delete space

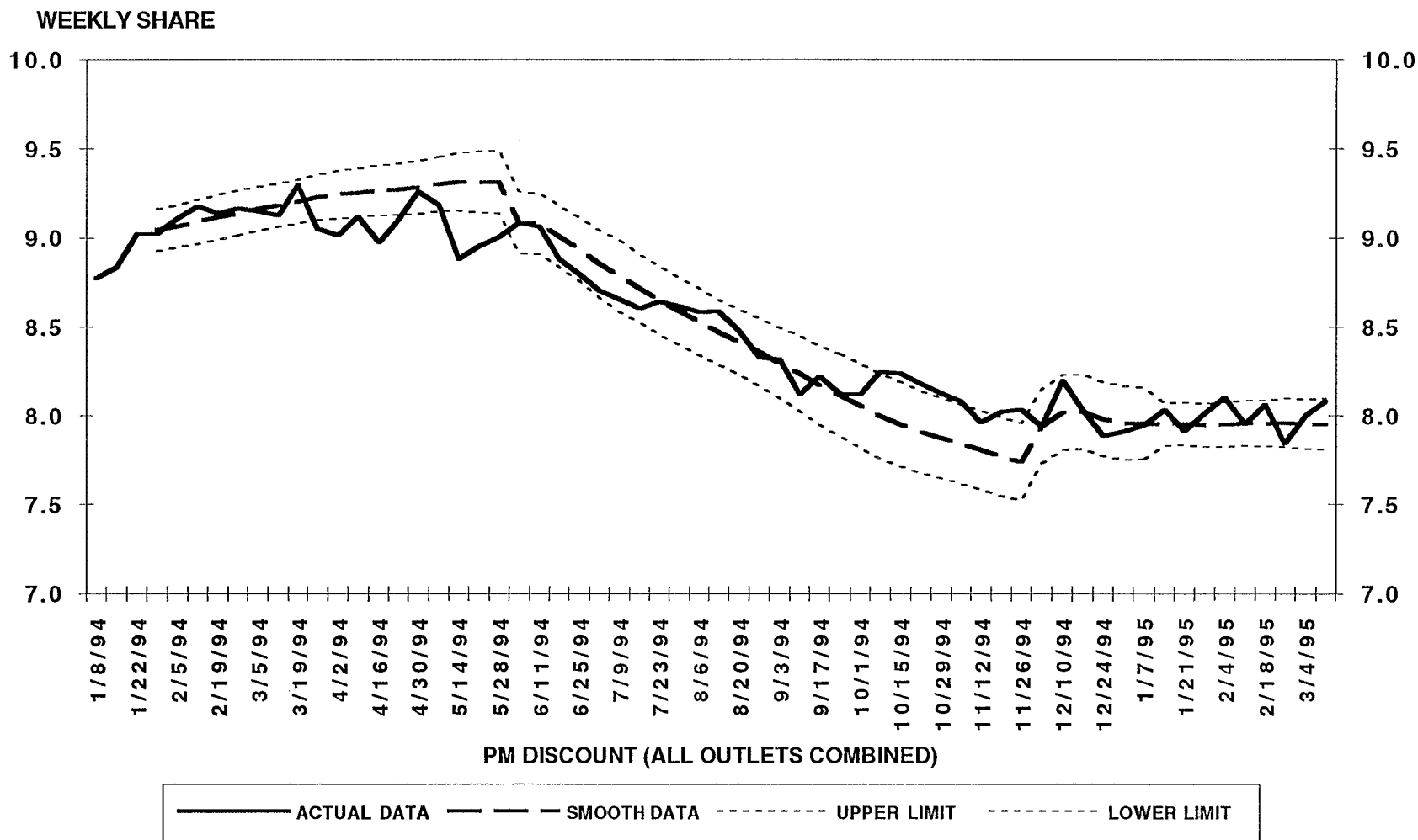
OPB'S WEEKLY SHARE WAS STABLE AT 8.9%, WHILE FOUR-WEEK SHARE WAS DOWN -0.1 POINT.



Source: Nielsen Integrated Panel

2045858069

PM DISCOUNT'S WEEKLY SHARE ADVANCED +0.1 POINT TO 8.1%, *reflecting*
 BY MODERATE BASIC AND PL GAINS. FOUR-WEEK SHARE WAS STABLE.



Source: Nielsen Integrated Panel

2045858070

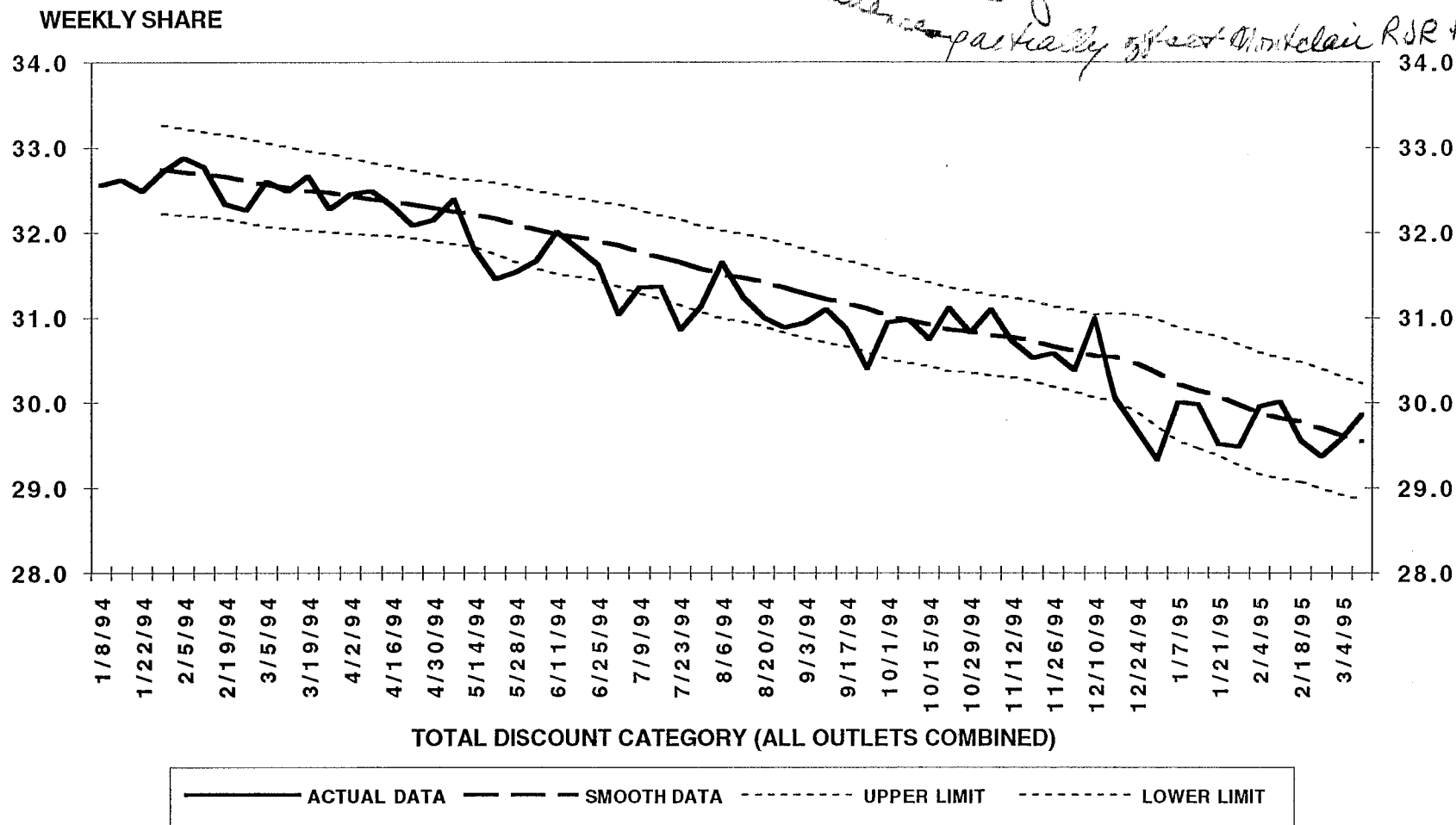
This week's

THE DISCOUNT CATEGORY ADVANCED ~~(+0.3 POINTS)~~ THIS WEEK TO 29.9%,
 DRIVEN PRIMARILY BY THE PL SEGMENT AND GPC. FOUR-WEEK SHARE
 WAS OFF -0.2 POINTS

is a possible contribution of the "first week of the month" effect.

GPC and Dual audience were up.

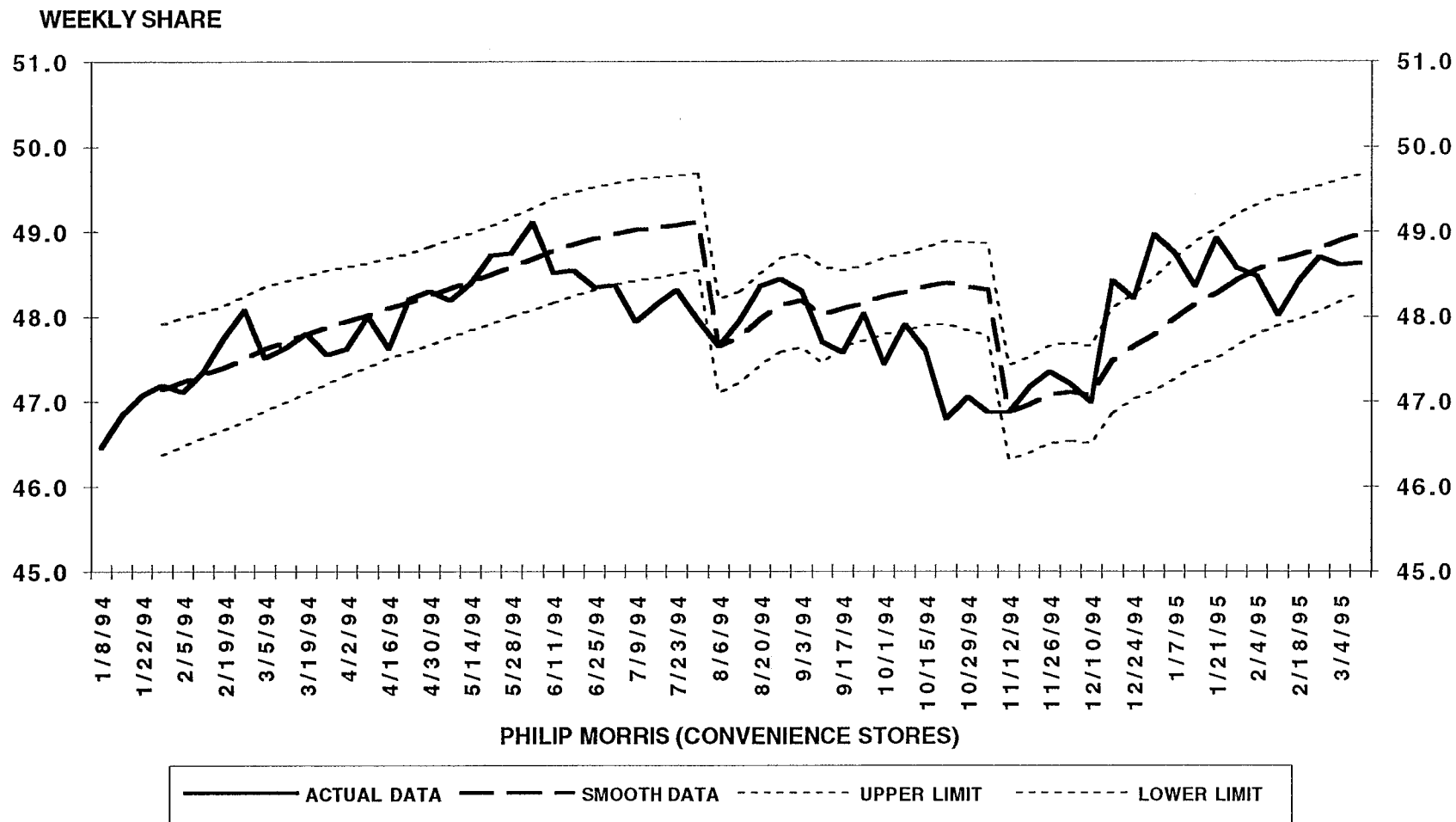
partially offset Monclair ROR PL and Monarch declines.



Source: Nielsen Integrated Panel

2045858071

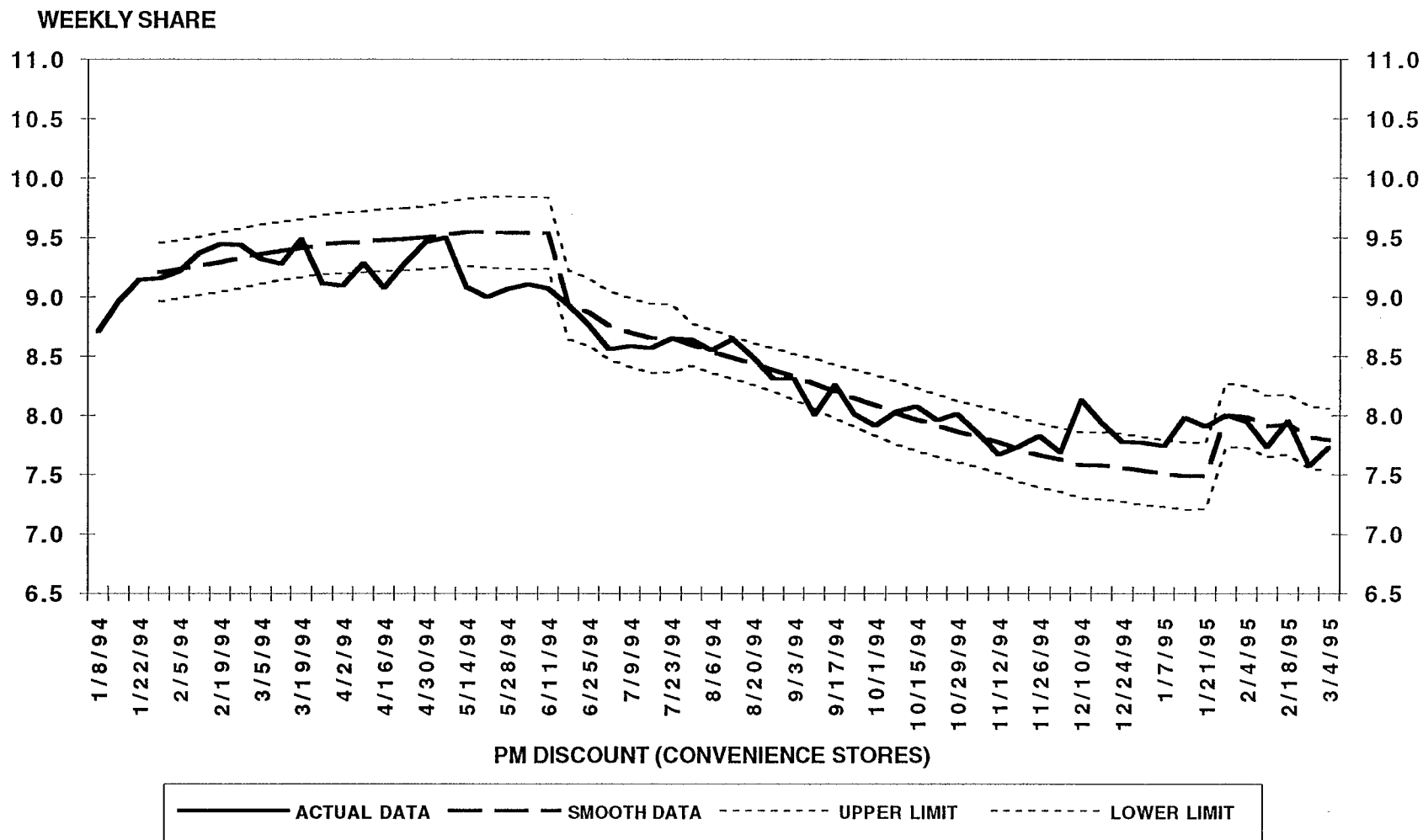
PM'S WEEKLY SHARE WAS STABLE AT 48.6%, AS MARLBORO'S DECLINE
 OFFSET BASIC AND PL GAINS. ON A FOUR-WEEK BASIS, PM'S SHARE
 WAS UP +0.1 POINT, *driven by Marlboro.*



Source: Nielsen Integrated Panel

2045858072

PM DISCOUNT'S SHARE WAS UP +0.2 POINTS TO 7.9%, DRIVEN BY BASIC
AND PL GAINS. FOUR-WEEK SHARE DECLINED -0.1 POINT; *primarily Basic*.

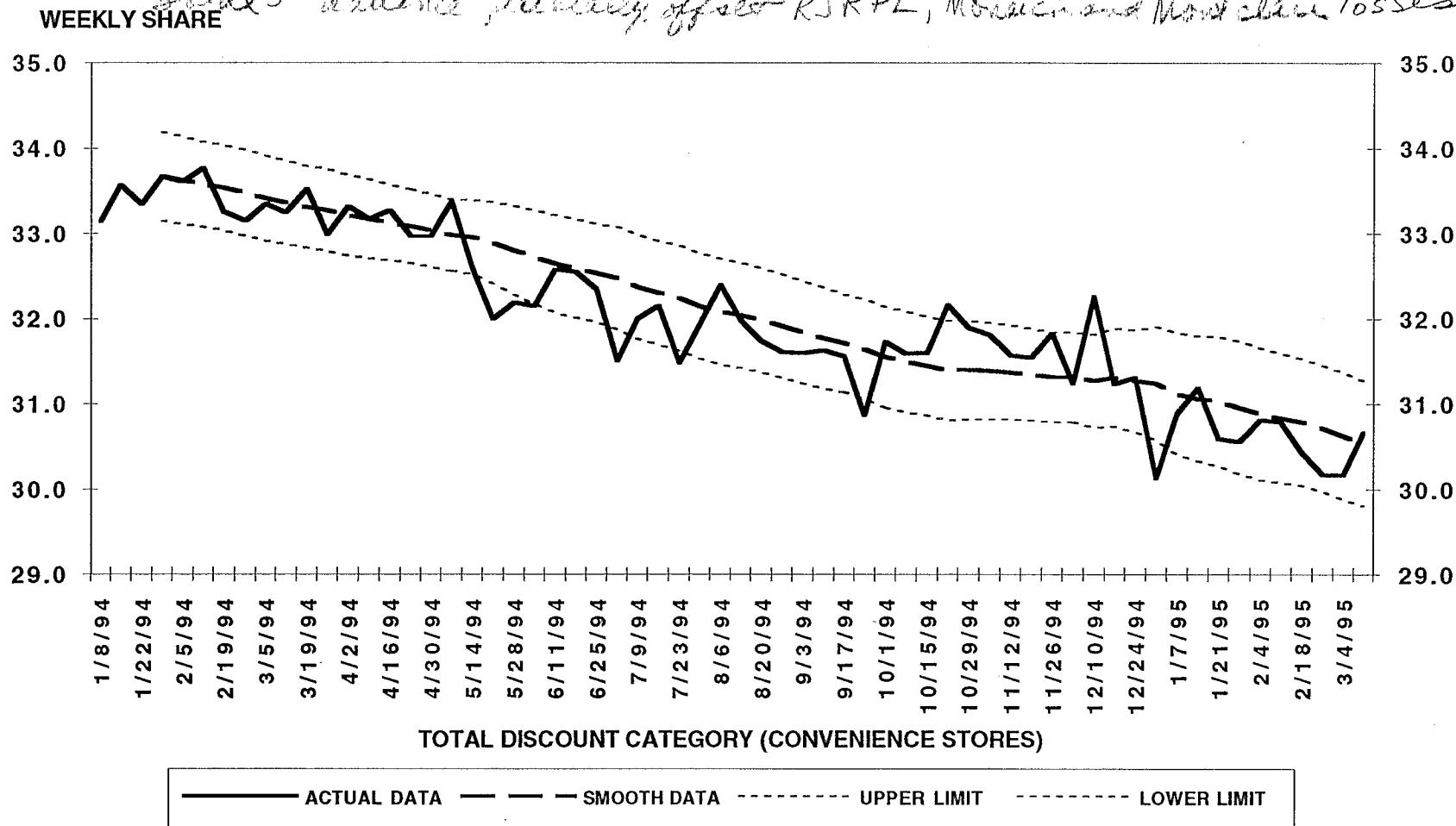


Source: Nielsen Integrated Panel

2045858073

THE DISCOUNT CATEGORY'S WEEKLY SHARE ADVANCED +0.5 POINTS TO 30.7%, WITH THE PL SEGMENT, BASIC AND GPC CONTRIBUTING TO THE GAIN. THE CATEGORY'S FOUR-WEEK SHARE WAS DOWN -0.3 POINTS.

Actual's advance partially offset RSRPL, Monarch and Mond chain losses



Source: Nielsen Integrated Panel

2045858074

PM'S ALL OUTLET COMBINED PERFORMANCE
WEEKLY INTEGRATED NIELSEN - W/E 3/4/95

4-WEEK PERFORMANCE ISSUES

| <u>LATEST 4 WEEKS</u> | | <u>LATEST WEEK</u> | |
|-----------------------|------------|--------------------|------------|
| <u>SHARE%</u> | <u>CHG</u> | <u>SHARE%</u> | <u>CHG</u> |

PM Growth Slowing due to Promotional Sell-Through

| | | | |
|--------------------|-------------------|-------|---------------------|
| 47.2% ³ | -0.4 ¹ | 47.3% | -0.2 ^{0.0} |
|--------------------|-------------------|-------|---------------------|

• Marlboro Share Growth Slowing,

30.4⁵ -0.2^{0.0}30.5⁴ -0.1[✓]

✓ PM OPB Share Stable, Above Long-Term Trend

8.9[✓] -0.1[✓]8.8⁹ -0.2^{0.0}• PM Discount Share Stabilizing *Stable*8.0[✓] -0.1^{0.0}8.0¹ 0.2¹

• Basic SOC Promotionally Related

15.1⁴ -0.3^{0.1}15.6[✓] 0.0⁰✓ RJR Share Improvements *Stabilizing*27.5[✓] -0.0^{-0.1}27.5³ -0.2[✓]

• Camel Share Stable

4.4⁵ 0.0[✓]4.5⁴ 0.0[✓]

• Doral's Gains Promotionally Influenced

4.9[✓] 0.2[✓]5.0[✓] -0.1^{0.0}

• Winston Share Stabilizing, as promotions sell-through

5.9[✓] 0.0[✓]5.9⁸ 0.0^{-0.1}

✓ Discount Category On Long Term Decline

29.6[✓] -0.1²29.6⁹ 0.2³

• This Week's Gain-Related to "First Week Of The Month" Effect

*partial**impact continues*

2045858075

PM'S PERFORMANCE IN C-STORES
WEEKLY C-STORE AUDITS - W/E 3/4/95

| 4-WEEK PERFORMANCE ISSUES | LATEST 4 WEEKS | | LATEST WEEK | |
|---|--------------------|------------------|--------------------|------------------|
| | SHARE% | CHG | SHARE% | CHG |
| PM Growth Slowing due to Promotional Sell-Through | 48.4% ⁶ | -0.1 +0.1 | 48.6% ✓ | -0.1 0.0 |
| • Marlboro Share Growth Slowing | 33.1 ² | 0.2 ✓ | 33.3 ¹ | -0.1 2 |
| ✓ PM OPB Share Stable, Above Long-Term Trend | 7.6 ✓ | -0.1 0.0 | 7.6 ✓ | -0.2 0.0 |
| • PM Discount Share Stabilizing <i>Decline Moderating</i> | 7.7 ⁸ | -0.2 1 | 7.7 ⁹ | 0.2 ✓ |
| • Basic SOC Promotionally Related | 15.4 ⁷ | -0.1 1 | 15.9 ⁶⁰ | -0.6 0.1 |
| RJR Share Improvements <i>Stabilizing</i> | 26.9 ⁸ | -0.2 ✓ | 26.9 ⁷ | -0.3 -0.2 |
| • Camel Share Stabilizing | 5.0 ✓ | -0.1 ✓ | 5.0 ^{4.9} | 0.0 -0.1 |
| • Doral's Gains Promotionally Influenced ✓ | 4.7 ✓ | 0.3 ² | 4.8 ✓ | 0.1 0 |
| • Winston Share Stabilizing <i>no promotional sell through</i> | 5.5 ✓ | 0.0 ✓ | 5.5 ⁴ | 0.0 -0.1 |
| ✓ Discount Category On Long Term Decline | 30.4 ✓ | -0.4 3 | 30.2 ⁷ | 0.0 ⁵ |
| • This Week's Performance Related to the "First Week of The Month" Effect - | | | | |
| <i>Partial "First week of the month" impact continues</i> | | | | |

9208585102

Philip Morris USA

Summary

WEEKLY UPDATE

March 10, 1995

March 17

Shipments

- This week's industry and manufacturers' volumes returned to near norm and projected levels.
- PM's weekly volume rose above projected and last week, with minimal promoted volume.
- PM QTD volume (37.8 billion) was -0.2 billion units below projected level, and -3.6% below 1994.
- First Quarter volume (50.6 billion units) is projected to be even with OB, as planned promotional shipments during March are expected to offset the QTD variance.
- PM QTD share (45.8%) remains favorable with First Quarter OB (45.3%).
- First Quarter share is expected to be 46.0%, +0.7 points above OB and +2.9 points higher than year ago.

Retail and Consumer Trends

- Basic's share of category and share gap with GPC are both below their trigger points.
- PM-USA and Marlboro short term share growth have slowed as promotional support including incentives decreased.
- Consistent at retail and among Young Adult Smokers.
- Share is anticipated to increase as March's retail offer (B4G1F) expands.
- The Retail Pack Gap (47%, 62c) decreased due to Lowes Discount price increases.
- ≤99c incidence (17%) remains within a narrow stable range nationally.
- Longer term, the Discount Category continues to decline. Gains this week coincide with the "first week of the month" phenomenon.
- Competitive Premium promotional activity is increasing. Premium promotions tend to limit short term Discount category gains.
- Lorillard's expansion of Newport money off deals (+10 points YTD to a 28% high) have resulted in a slight share gain (+0.1 point) YTD.
- RJR has been alternating free product support between Winston and Camel, now at a YTD high (14%). Winston-Select share improved.

- Discount buydown activity increased

2045858077

- # B461F incidence, ~~up 5 points to 44%~~
MCS catalog ~~up 18 point~~ placements

- Discount category "first week of the month" impact continued.

- ~~Buydowns (at record share 5.5% share), Montclair, Misty~~
~~Buydowns and basic free product incidence~~
~~Longer term trend is increasing~~
- Buydowns incidence increased for GPC (at record 5.5% share), Montclair, Misty
- ~~Free product incidence support increased~~
- Free product incidence increased

Competitive Premium

- Promotional ^{buydown} incidence is increasing for GPC (at record 5.5% share), Montclair, Misty, and free product for Basic
- Longer term trend continues to increase
- Competitive Premium & promotional activity is expanding.
 - Camel \$363F (at 5%) Newport money-off incidence (at a 29% high) of ~~27%~~

2045858078

WEEKLY UPDATE

March 17, 1995

Shipments

- This week's industry volume held at last week's and projected levels.
- RJR declined, while B&W was higher.
- PM's weekly volume was even with last week, slightly above projected levels.
- PM QTD volume (41.9 billion) was -0.1 billion units below projected level, and -2.6% below 1994.
- First Quarter volume (50.6 billion units) is projected to be even with OB.
- PM QTD share (45.8%) remains favorable with First Quarter OB (45.3%).
- First Quarter share is expected to be 46.0%, +0.7 points above OB and +2.9 points higher than year ago.

Retail and Consumer Trends

- Basic's share of category is above its trigger point, while Basic's share gap with GPC^{is} below its trigger.
- PM-USA and Marlboro short term share growth have slowed as incentive support decreased.
- Consistent at retail and among Young Adult Smokers.
- Share is anticipated to increase as March promotions continue to expand: B4G1F incidence, MCS catalog placements
- Discount category "first week of the month" impact continued.
- Promotional Buydown incidence is increasing for GPC (at record 5.5% share), Montclair, Misty; free product incidence for Basic.
- Longer term trend continues to increase.
- Competitive Premium promotional activity is expanding.
- Camel B3G3F (at 5%), Newport money-off incidence (at a 29% high).
- The Retail Pack Gap (49%, 63¢) increased as greater promotional support reduced Lowest discount prices to a YTD low.
- ≤99¢ incidence (18%) increased to the high end of its range.

6208989402

Do not use

MANUFACTURER VOLUME PERFORMANCE
CURRENT 13 WEEKS VS PRIOR 13 WEEKS

