



J. Young

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JUL 28 2000

R. E. SPELL

**MEMORANDUM**

**TO:** R. Spell  
**FROM:** D. Todd *[Signature]*  
**DATE:** July 28, 2000  
**SUBJECT:** NY Tax Increase Report – Follow-up

This memo addresses the questions listed in your email of Tuesday, 7/25/00.

- Minor manufacturers have a 6.47 share in New York for YTD June 2000. How much of this business is done through Native American outlets?

The table below summarizes New York volume and share trends in Native American Reservations versus Remaining Outlets for Minor Manufacturers as well as the five Major Manufacturers combined. Trends are based on EXCEL data for year-to-date June 2000 versus year ago.

In New York, 27% of Minor Manufacturers' sales are coming from Native American Reservations which is more than twice their contribution to the five Major Companies (12%). The current rate of growth for Minor Manufacturers in New York Native American outlets (+49% versus year ago) is also nearly twice that for the five Major Companies (+26%).

However, Minor Manufacturers' sales are growing at an even greater rate in remaining New York outlets (+93%). As a result, their share increases have also been greater in remaining outlets (year-to-date +2.92 points versus +1.95 points in Native American outlets).

**New York EXCEL Trends – YTD June 2000**

	Sales (billions)	Vol. Chg. Vs. YAG	% Chg. Vs. YAG	SOM	Chg. Vs. YAG
<b>Minor Manufacturers</b>	<b>0.698</b>	<b>+0.308</b>	<b>+79</b>	<b>6.47</b>	<b>+3.15</b>
Native Amer. Res.	0.187	+0.062	+49	14.37	+1.95
Remaining Outlets	0.511	+0.246	+93	5.38	+2.92
Nat. Am. % Total	27%				
<b>5 Major Manufacturers</b>	<b>10.098</b>	<b>-1.297</b>	<b>-11</b>	<b>93.53</b>	<b>-3.15</b>
Native Amer. Res.	1.114	+2.300	+26	85.63	-1.95
Remaining Outlets	8.984	-1.527	-15	94.62	-2.92
Nat. Am. % Total	12%				

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- Old Gold does more business in New York than Maverick. What is the current status of Old Gold?

Like the other major company generic brands, Old Gold's YTD June 2000 share in New York was down compared to a year ago. Specifically, the brand's YTD June 2000 share in New York was 1.19, representing decrease of -0.41 point or -25.6% compared to YAG. For this same period, the brand's share in the remaining U.S. was 0.56, representing a decrease of -0.11 point or -16.2%.

	NEW YORK STATE			REMAINING U. S.		
	SOM YTD June 2000	Pt. Diff. Vs. YAG	% Diff. Vs. YAG	SOM YTD June 2000	Pt. Diff. Vs. YAG	% Diff. Vs. YAG
<i>Tot Industry</i>	100.00	*	*	100.00	*	*
Full Price	80.22	-1.80	-2.2	72.88	0.31	0.4
Discount	19.78	1.80	10.0	27.12	-0.31	-1.1
<b>Philip Morris</b>	<b>48.71</b>	<b>-0.91</b>	<b>-1.8</b>	<b>50.91</b>	<b>0.97</b>	<b>1.9</b>
Tot Marlboro	34.55	-0.69	-1.9	38.18	1.39	3.8
Tot Basic	2.72	-0.25	-8.5	5.20	0.22	4.3
<b>R. J. Reynolds</b>	<b>13.61</b>	<b>-1.49</b>	<b>-9.9</b>	<b>23.12</b>	<b>-0.52</b>	<b>-2.2</b>
Tot Camel	2.93	-0.04	-1.5	5.32	0.28	5.6
Tot Winston	3.36	-0.16	-4.4	4.78	-0.20	-4.1
Tot Salem	2.56	-0.13	-4.8	2.97	-0.12	-3.8
Tot Doral	2.34	-0.65	-21.6	6.47	-0.17	-2.6
<b>Brown &amp; Williamson</b>	<b>9.89</b>	<b>-1.03</b>	<b>-9.4</b>	<b>11.58</b>	<b>-1.82</b>	<b>-13.6</b>
Tot Kool	2.47	-0.36	-12.8	2.93	-0.35	-10.7
Tot GPC	1.45	-0.57	-28.2	3.85	-1.13	-22.8
<b>Lorillard</b>	<b>19.18</b>	<b>-0.44</b>	<b>-2.2</b>	<b>8.86</b>	<b>-0.63</b>	<b>-6.6</b>
Tot Newport	15.91	0.30	1.9	6.75	0.18	2.8
Tot Maverick	0.15	-0.07	-30.3	0.78	-0.54	-41.0
Tot Old Gold	1.19	-0.41	-25.6	0.56	-0.11	-16.2
<b>Liggett</b>	<b>2.14</b>	<b>0.71</b>	<b>49.6</b>	<b>1.37</b>	<b>0.25</b>	<b>22.4</b>
Minor Manufacturers	6.47	3.16	95.4	4.17	1.76	73.3

The following EXCEL share data gives further evidence that New York's cigarette tax increase together with the State's decision to enforce fair trade laws has resulted in noticeable share loss for Old Gold, especially in May (-0.54 point vs. YAG) and June (-0.66 point vs. YAG and -0.32 point versus the previous month).

	OLD GOLD SOM					
	SOM New York	Vs. YAG	% Chg.	SOM Remain. U.S.	Vs. YAG	% Chg.
6 Mos. Ending June 2000	1.19	-0.41	-26	0.56	-0.11	-16
January	1.38	-0.28	-17	0.60	-0.11	-16
February	1.01	-0.58	-31	0.52	-0.16	-24
March	1.24	-0.20	-12	0.52	-0.08	-14
April	1.42	-0.20	-14	0.60	-0.07	-11
May	1.20	-0.54	-37	0.57	-0.12	-18
June	0.88	-0.66	-43	0.55	-0.11	-17

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