



**MEMORANDUM**

**TO:** S. Smith  
R. Spell

**FROM:** D. Todd

**DATE:** March 13, 2000

**SUBJECT:** New York Tax Increase -- Weekly EXCEL Volume

*NOT JUST EXCEL*  
*Trends*

New York implemented a cigarette excise tax increase on March 1, 2000. The State's excise tax on a pack of cigarettes went from 56 cents to \$1.11, an increase of 55 cents per pack or 98%.

The attached report tracks weekly EXCEL volume in New York to determine the impact of this recent tax increase on the State's volume. In addition, weekly EXCEL volume for Virginia and North Carolina are also tracked to evaluate whether business is shifting from New York to lower tax States.

It appears that some inventory loading occurred in New York prior to the State's excise tax increase on March 1<sup>st</sup>. Year-to-date EXCEL volume data through 2/26/00 show an increase of 3.8% in New York compared to last year for the total industry. EXCEL also shows Lorillard's shipments to this State increased by 4.6% during the same period.

*vs. -3.9% Rem US*  
*US -10.9% Rem US*

Looking at Lorillard's internal shipments information, year-to-date actual shipments to New York through the week ending 3/11/00 total 888.3 million units, representing an increase of 9% over the same period last year.

*US -5.3% Rem US*

~~For the remaining U.S. (excluding NY, VA and NC), EXCEL volume was down -3.9% year-to-date through 2/26/00 as compared to last year.~~

While North Carolina's year-to-date EXCEL volume decline of -4.5% is comparable to the remaining U.S., Virginia showed an increase of 1.9% in EXCEL volume. This volume increase for Virginia may indicate that business is shifting from New York (and other high tax States) to Virginia where the State's excise tax on cigarettes is only 2.5 cents per pack.

MPID will continue to track EXCEL volume and Lorillard shipments for these State's each week.

C: A. Pasheluk

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**TOTAL INDUSTRY  
EXCEL Unit Volume (000's)**

	New York	% Diff Vs. YAG	Virginia	% Diff Vs. YAG	North Carolina	% Diff Vs. YAG	Remaining U.S.	% Diff Vs. YAG
JAN 08 2000	413,124	-3.9	246,463	12.5	303,082	6.5	6,601,783	0.2
JAN 15 2000	414,367	5.4	256,688	27.3	304,471	15.0	6,549,671	8.2
JAN 22 2000	424,701	1.7	223,864	9.2	285,290	4.0	6,465,508	6.9
JAN 29 2000	440,705	4.3	207,986	-6.5	265,030	-10.3	6,107,702	-4.6
FEB 05 2000	460,231	3.6	235,441	-3.0	289,691	-6.8	6,266,628	-8.5
FEB 12 2000	465,056	4.4	229,304	-5.9	282,943	-11.4	6,294,676	-5.9
FEB 19 2000	484,968	12.9	226,149	-4.6	284,507	-7.5	6,218,840	-6.3
FEB 26 2000	464,295	1.9	236,033	-8.0	263,734	-20.0	5,782,859	-18.0
YTD	3,567,446	3.8	1,861,927	1.9	2,278,748	-4.5	50,287,667	-3.9

**LORILLARD SHIPMENTS  
EXCEL Unit Volume (000's)**

	New York	% Diff Vs. YAG	Virginia	% Diff Vs. YAG	North Carolina	% Diff Vs. YAG	Remaining U.S.	% Diff Vs. YAG
JAN 08 2000	78,614	-7.3	32,200	13.1	33,841	-0.4	625,990	2.5
JAN 15 2000	82,736	4.6	34,530	24.7	34,609	5.5	603,711	4.2
JAN 22 2000	83,627	1.7	26,874	-5.1	31,618	-4.4	594,046	1.1
JAN 29 2000	90,675	9.2	25,076	-11.6	26,878	-21.6	528,242	-11.2
FEB 05 2000	87,912	3.5	26,768	-16.3	29,717	-17.0	519,218	-17.1
FEB 12 2000	87,706	0.8	28,220	-7.3	28,079	-22.3	526,324	-17.4
FEB 19 2000	99,618	20.0	24,140	-22.7	30,010	-16.9	528,452	-17.2
FEB 26 2000	88,317	4.9	28,869	-16.7	27,469	-26.3	456,126	-29.2
YTD	699,206	4.6	226,677	-6.0	242,220	-13.3	4,382,109	-10.9

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**LORILLARD SHIPMENTS**  
Unit Volume (000's)

	New York	% Diff Vs. YAG	Virginia	% Diff Vs. YAG	North Carolina	% Diff Vs. YAG	Remaining U.S.	% Diff Vs. YAG
JAN 08 2000	94,870	81.8	44,952	109.8	59,154	174.3	785,505	91.0
JAN 15 2000	85,962	4.8	29,790	4.3	49,284	29.3	627,215	7.7
JAN 22 2000	61,062	-24.4	27,723	-15.9	43,686	-7.4	570,726	-5.3
JAN 29 2000	77,031	-32.3	12,792	-77.4	23,865	-66.2	523,395	-30.5
FEB 05 2000	99,586	34.2	21,540	-1.2	48,690	27.8	649,483	11.8
FEB 12 2000	99,156	26.5	19,728	-9.0	38,520	8.6	530,250	-14.1
FEB 19 2000	102,825	37.7	25,587	15.7	44,712	8.9	564,715	-14.2
FEB 26 2000	98,340	16.3	23,553	3.7	39,936	-34.5	543,594	-25.5
MAR 04 2000	88,288	5.2	23,346	-18.2	43,392	-7.4	588,117	-20.0
MAR 11 2000	73,161	-11.8	27,684	7.2	46,503	4.7	608,783	-6.8
YTD	880,281	9.0	256,695	-9.0	437,742	-1.5	5,991,783	-5.3

*break?*

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**TOTAL INDUSTRY  
EXCEL Unit Volume (000's)**

	New York	% Diff Vs. YAG	% of Total U.S.	Virginia	% Diff Vs. YAG	% of Total U.S.	North Carolina	% Diff Vs. YAG	% of Total U.S.	Remaining U.S.	% Diff Vs. YAG	% of Total U.S.	Total U.S.	% Diff Vs. YAG
JAN 08 2000	413,124	-3.9	5.5	246,463	12.5	3.3	303,082	6.5	4.0	6,601,783	0.2	87.3	7,564,452	0.6
JAN 15 2000	414,367	5.4	5.5	256,688	27.3	3.4	304,471	15.0	4.0	6,549,671	8.2	87.0	7,525,197	8.9
JAN 22 2000	424,701	1.7	5.7	223,864	9.2	3.0	285,290	4.0	3.9	6,465,508	6.9	87.4	7,399,363	6.5
JAN 29 2000	440,705	4.3	6.3	207,986	-6.5	3.0	265,030	-10.3	3.8	6,107,702	-4.6	87.0	7,021,423	-4.3
FEB 05 2000	460,231	3.6	6.3	235,441	-3.0	3.2	289,691	-6.8	4.0	6,266,628	-8.5	86.4	7,251,990	-7.6
FEB 12 2000	465,056	4.4	6.4	229,304	-5.9	3.2	282,943	-11.4	3.9	6,294,676	-5.9	86.6	7,271,979	-5.5
FEB 19 2000	484,968	12.9	6.7	226,149	-4.6	3.1	284,507	-7.5	3.9	6,218,840	-6.3	86.2	7,214,464	-5.2
FEB 26 2000	464,295	1.9	6.9	236,033	-8.0	3.5	263,734	-20.0	3.9	5,782,859	-18.0	85.7	6,746,921	-16.7
<b>YTD</b>	<b>3,567,446</b>	<b>3.8</b>	<b>6.2</b>	<b>1,861,927</b>	<b>1.9</b>	<b>3.2</b>	<b>2,278,748</b>	<b>-4.5</b>	<b>3.9</b>	<b>50,287,667</b>	<b>-3.9</b>	<b>86.7</b>	<b>57,995,788</b>	<b>-3.3</b>

**LORILLARD SHIPMENTS  
EXCEL Unit Volume (000's)**

	New York	% Diff Vs. YAG	% of Total U.S.	Virginia	% Diff Vs. YAG	% of Total U.S.	North Carolina	% Diff Vs. YAG	% of Total U.S.	Remaining U.S.	% Diff Vs. YAG	% of Total U.S.	Total U.S.	% Diff Vs. YAG
JAN 08 2000	78,614	-7.3	10.2	32,200	13.1	4.2	33,841	-0.4	4.4	625,990	2.5	81.2	770,645	1.7
JAN 15 2000	82,736	4.6	10.9	34,530	24.7	4.6	34,809	5.5	4.6	603,711	4.2	79.9	755,586	5.1
JAN 22 2000	83,627	1.7	11.4	26,874	-5.1	3.7	31,618	-4.4	4.3	594,046	1.1	80.7	736,165	0.7
JAN 29 2000	90,675	9.2	13.5	25,076	-11.6	3.7	26,878	-21.6	4.0	528,242	-11.2	78.7	670,870	-9.4
FEB 05 2000	87,912	3.5	13.2	26,768	-16.3	4.0	29,717	-17.0	4.5	519,218	-17.1	78.2	663,615	-14.8
FEB 12 2000	87,706	0.8	13.1	28,220	-7.3	4.2	28,079	-22.3	4.2	526,324	-17.4	78.5	670,328	-15.2
FEB 19 2000	99,618	20.0	14.6	24,140	-22.7	3.5	30,010	-16.9	4.4	528,452	-17.2	77.5	682,221	-13.5
FEB 26 2000	88,317	4.9	14.7	28,869	-16.7	4.8	27,469	-26.3	4.6	456,126	-29.2	75.9	600,781	-24.9
<b>YTD</b>	<b>699,206</b>	<b>4.6</b>	<b>12.6</b>	<b>226,677</b>	<b>-6.0</b>	<b>4.1</b>	<b>242,220</b>	<b>-13.3</b>	<b>4.4</b>	<b>4,382,109</b>	<b>-10.9</b>	<b>79.0</b>	<b>5,550,212</b>	<b>-9.1</b>

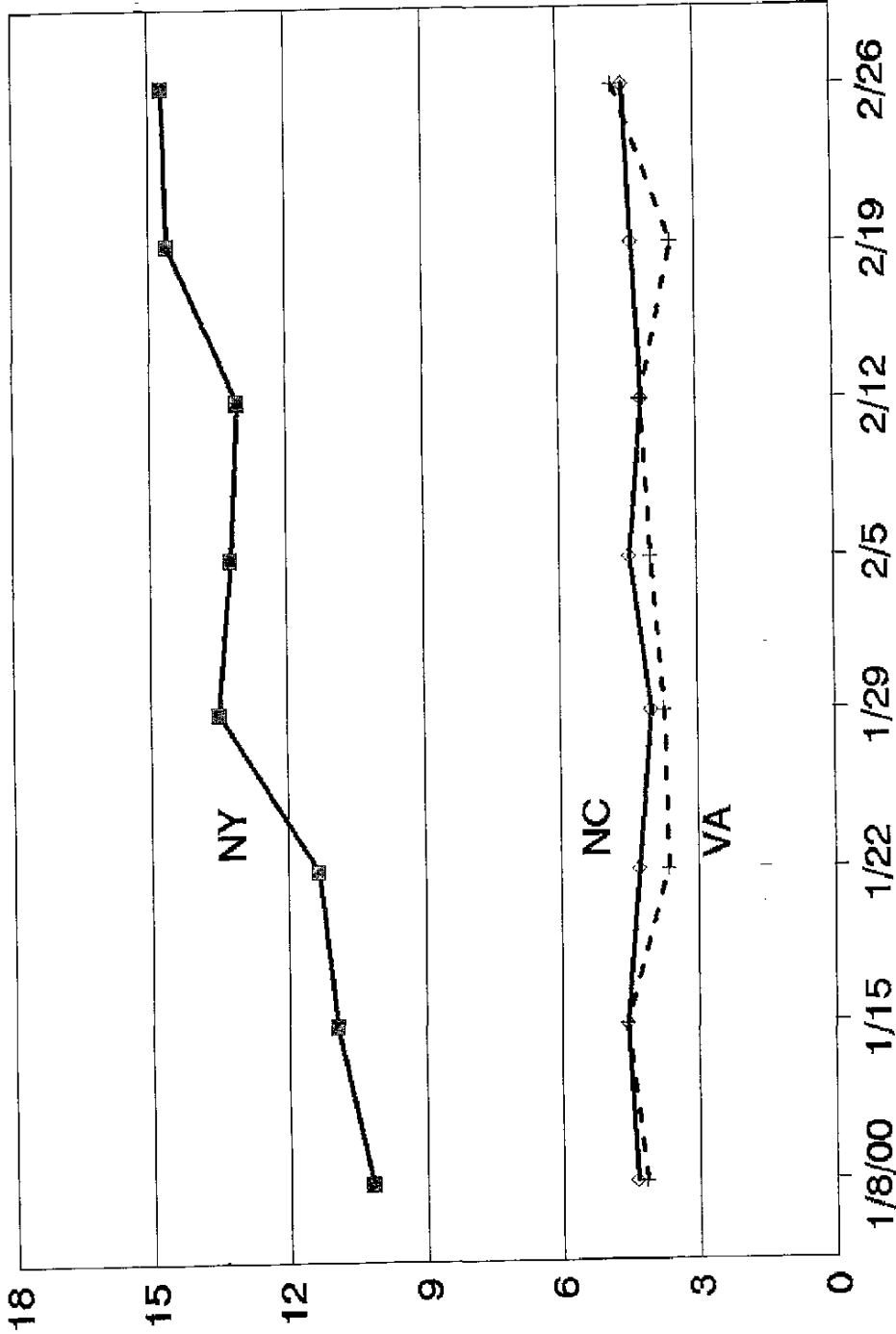
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**LORILLARD SHIPMENTS**  
Unit Volume (000's)

	New York	% Diff Vs. YAG	% of Total U.S.	Virginia	% Diff Vs. YAG	% of Total U.S.	North Carolina	% Diff Vs. YAG	% of Total U.S.	Remaining U.S.	% Diff Vs. YAG	% of Total U.S.	Total U.S.	% Diff Vs. YAG
JAN 08 2000	94,870	81.8	9.6	44,952	109.8	4.6	59,154	174.3	6.0	785,505	91.0	79.8	984,481	94.4
JAN 15 2000	85,962	4.8	10.9	29,790	4.3	3.8	49,284	29.3	6.2	627,215	7.7	79.2	792,251	8.4
JAN 22 2000	61,062	-24.4	8.7	27,723	-15.9	3.9	43,686	-7.4	6.2	570,726	-5.3	81.2	703,197	-7.9
JAN 29 2000	77,031	-32.3	12.1	12,792	-77.4	2.0	23,865	-66.2	3.7	523,395	-30.5	82.2	637,083	-35.9
FEB 05 2000	99,586	34.2	12.2	21,540	-1.2	2.6	48,690	27.8	5.9	649,483	11.8	79.3	819,299	14.6
FEB 12 2000	99,156	26.5	14.4	19,728	-9.0	2.9	38,520	8.6	5.6	530,250	-14.1	77.1	687,654	-8.7
FEB 19 2000	102,825	37.7	13.9	25,587	15.7	3.5	44,712	8.9	6.1	564,715	-14.2	76.5	737,839	-7.3
FEB 26 2000	98,340	16.3	13.9	23,553	3.7	3.3	39,936	-34.5	5.7	543,594	-25.5	77.1	705,423	-21.5
MAR 04 2000	88,288	5.2	11.9	23,346	-18.2	3.1	43,392	-7.4	5.8	588,117	-20.0	79.1	743,143	-16.9
MAR 11 2000	73,161	-11.8	9.7	27,684	7.2	3.7	46,503	4.7	6.2	608,783	-6.8	80.5	756,131	-6.3
<b>YTD</b>	<b>880,281</b>	<b>9.0</b>	<b>11.6</b>	<b>256,695</b>	<b>-9.0</b>	<b>3.4</b>	<b>437,742</b>	<b>-1.5</b>	<b>5.8</b>	<b>5,991,783</b>	<b>-5.3</b>	<b>79.2</b>	<b>7,566,501</b>	<b>-3.7</b>

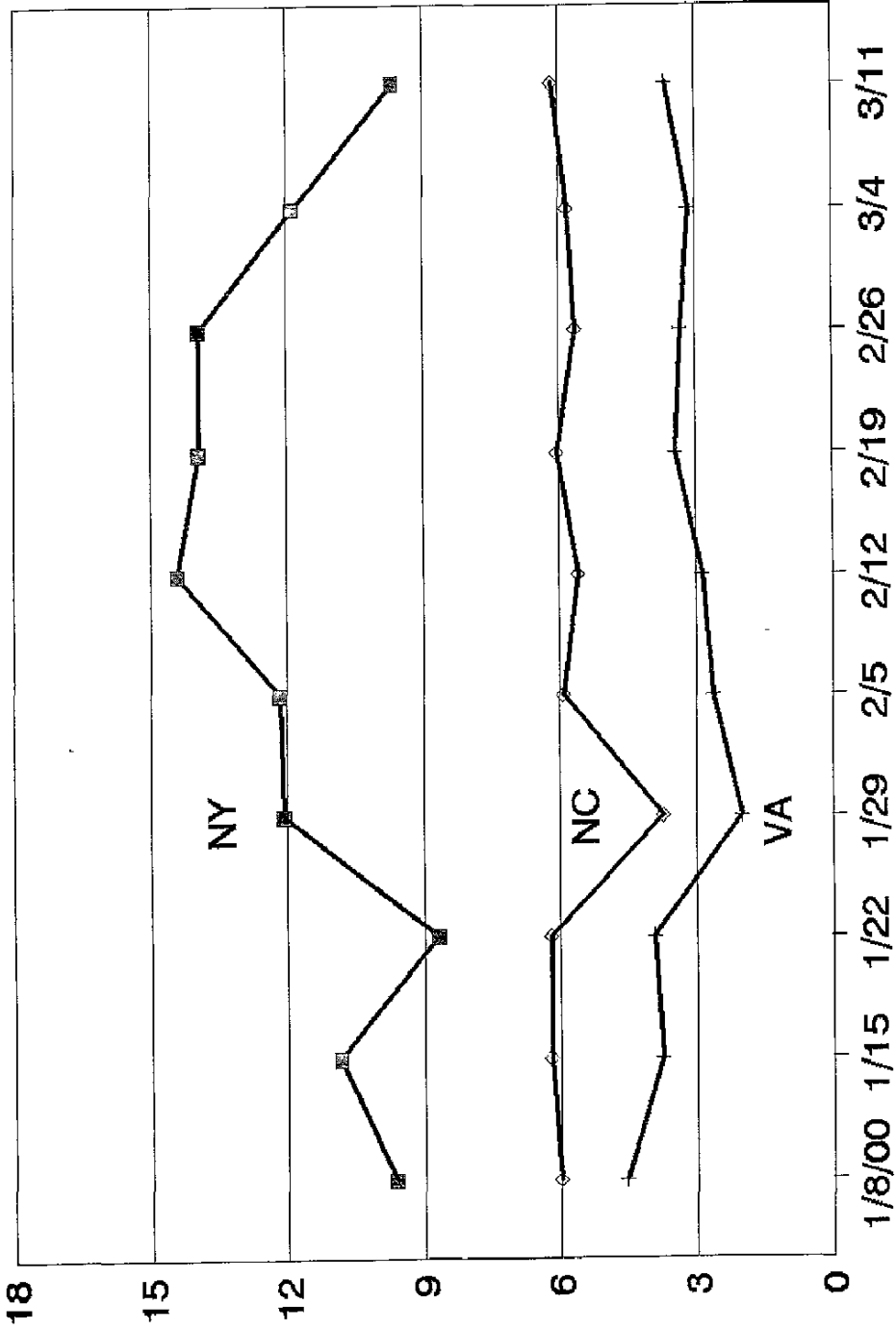
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WEEKLY LORILLARD EXCEL SALES  
% OF TOTAL U.S.



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WEEKLY LORILLARD SHIPMENTS  
% OF TOTAL U.S.



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