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Janet P. Wheeler, Manager
R&D Planning
Administrative Services

RJR

February 5, 1988

Mr. A. C. Rhoads
Planning

Re: February Operations Letter

Jack,

Attached is the R&D input for the February Operations Letter.

If you have questions, please call me.



Janet P. Wheeler

/jdb

Attachment

cc: Dr. G. R. Di Marco
Mr. B. V. Hardin

50655 2059

Research and Development

External Influences

- Tobacco Institute Conducts First 'Tar' and Nicotine Testing Since Closing of the FTC Laboratory - Results from a collaborative tar and nicotine study between the Company's R&D organization and the Tobacco Institute indicates good agreement for the numbers that will be reported for advertising purposes. Additional testing will be continued as required to ensure consistency and accuracy.
- Statements to the Press Regarding Results of Environmental Tobacco Smoke Survey in Ottawa - RJRT Law and R&D personnel provided assistance to Douglas G. Hearle & Associates in the preparation of statements to be made to the press regarding results of the survey of ETS conducted in Ottawa. The press conference was given in Ottawa and featured three speakers: Dr. Michel Bedard, President of the Smokers' Freedom Society - the organization sponsoring the survey; Mr. John Carson on International Technology Corporation - the organization contracted to collect samples and to perform analyses; and Dr. D. J. Ecobichon, Professor, Department of Pharmacology and Therapeutics, McGill University. Dr. Ecobichon spoke on the health implications of the survey's results.

Product

- Improved WINSTON King Size Product Implementation on Schedule for March - The product will be introduced into the New Orleans and Chicago regions (10% of U.S. volume). October is the target date for expansion to full national production.
- Improved SALEM King Size Successfully Translated into Manufacturing - Confirmation results for product rated parity among competitive smokers and superior to current SALEM King. Manufacturing start-up is on schedule for 2/1 with 80% distribution by 3/28.
- Successful NFO Results Reported for DORAL Lights 85 and 100 Prototypes Using Proposed 5-Component Blend - Topline results were received for DORAL Lights 85 and 100 styles, using the proposed 5-component blend. Criteria for implementation was originally agreed to be parity or better than the current product. The rating was achieved in both the DORAL Lights 85 and 100. Additionally, the new prototypes were superior among franchise to both current product and competitive Cambridge styles.
- Engineering Study has been Completed for the Installation of an "In-line" Ammoniation Process in All G7 Plants - The "in-line" ammoniation would be an alternative to the current practice of ammoniating G7 at Plant 605. The cost to implement rotary drum treaters in all G7 plants is \$4.4 MM with an annual savings of \$3.1 MM, yielding 55% ROI. (The estimated cost to upgrade Plant 605 is \$0.9 MM greater than the "in-line" ammoniation).

- Continued Efforts to Maximize the Use of By-Product Raw Materials Inventories - have resulted in the purchase of additional Turkish scrap supplement (~17 million lbs.) for use in G7. Longer term activities will be aided by linear computer programming capabilities.