BROWN & WILLIAMSON TOBACCO

P.O. Box 35090
Louisville, KY 40232-5090

(502) 568-7000

July 1, 2004

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WORKFORCE TRANSITION

Ms. Deborah Hennessey
Michigan Department of Career Development
201 North Washington Square, 5th Floor
Lansing, MI 48913

Dear Ms. Hennessey:

CONTINGENT NOTICE OF SEPARATIONS

Brown & Williamson Tobacco Corporation ("B&W") has determined that, if its anticipated business combination involving R.J. Reynolds Tobacco Company ("RJR") takes place, it will become necessary to reduce its sales and marketing workforce. One of the offices to which sales and marketing employees are assigned is located at: 17197 North Laurel Park Drive, Suite 555, Livonia, Michigan 48152 ("Sales and Marketing Office"). This Notice is contingent upon the business combination involving RJR taking place, and is being sent to you by B&W on behalf of, and as an agent for, the corporation that will become the employer of these employees as a result of that combination ("new corporation").

There are presently 62 employees assigned to the Sales and Marketing Office, although few of those employees actually work at that physical location, and most typically begin and end their work each day from their homes. Of those employees who are assigned to the Sales and Marketing Office, 38 are expected to be separated from employment if the business combination occurs, and the first of those separations is presently anticipated to take place on August 31, 2004. Any separations are expected to be permanent. None of the employees assigned to the Sales and Marketing Office is represented by a Union for purposes of collective bargaining, and none of the employees would have bumping rights.

If the date of the anticipated business combination is delayed, it is likely that the schedule for some or all of these anticipated separations may also be delayed. If the anticipated business combination occurs, some B&W employees will be offered, and may accept, ongoing positions with the new corporation, and some employees will be offered, and may accept, transitional roles. However, those decisions have not yet been finalized. Because of this uncertainty, and because the Worker Adjustment and Retraining Notification Act ("WARN") encourages employers to provide advance notice to the extent possible in all circumstances, even if such notice is not required, we believed that it would be prudent to issue this Contingent Notice at this time. See 20 CFR §§ 639.1(c) & (e). We reserve the right to revise the information provided in this Contingent Notice as circumstances may warrant.

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To the extent that the law requires, this letter is intended to satisfy any obligation to provide advance notice of these separations including, but not limited to, any such obligation under WARN.

If you have any questions, or would like further information, please contact John Thorne at 1-866-442-5686.

Sincerely,

Henry C. Frick
Vice President – Human Resources

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