

LORILLARD ANTITRUST POLICY

It has been this Company's long standing policy to comply fully with the antitrust laws, not only because violations subject an individual to a fine of \$350,000 and three years imprisonment and the Company to a fine of \$10 million for each count, but also because anyone injured by a violation may bring a suit and collect three times his damages, plus legal fees. To avoid even the perception that we may have committed a violation, this policy statement, which even goes beyond legal requirements, must be carefully complied with by all employees.

1. RELATIONS WITH COMPETITORS

Any employee of a cigarette manufacturing company which sells products that compete with ours is a competitor. Our relations with competitors can be legitimate and valuable when they solely concern legislative or governmental activity which affects the tobacco industry. However, exposure to serious antitrust risks arises from contacts with competitors, and thus **EVEN THE APPEARANCE** of any understanding with a competitor which may restrain trade must be avoided at all cost.

Therefore, under no circumstances shall any employee discuss anything of competitive significance in the presence of a competitor, and every employee is required to immediately and emphatically terminate any conversation with a competitor, if a subject of any competitive interest about the tobacco industry should be raised. These prohibited subjects include:

- **PRICES** (either selling or purchasing prices) or pricing policy, past, present or future
- **TERMS OR CONDITIONS OF SALE**
- **COSTS** (or components of cost)
- **PRODUCT OR SERVICE OFFERINGS**
- **PROFITS OR PROFIT MARGINS**
- **PRODUCTION OR SALES VOLUME**
- **PRODUCTION FACILITIES OR CAPACITY**
- **MARKET SHARES**
- **SELLING TERRITORIES**
- **DISTRIBUTION METHODS OR CHANNELS**
- **MERCHANDISING OR MARKETING PLANS** (their amount, kind or nature), past, present or future
- **DECISIONS TO SELL OR NOT TO SELL TO ANY CUSTOMER** (refer to "Direct Accounts" in the Division Administration Manual)
- **CREDIT TERMS OR DECISIONS**
- **DECISIONS TO BUY OR NOT TO BUY FROM ANY SUPPLIER**
- **THE RELATIVE DESIRABILITY OF DEALING WITH PARTICULAR SUPPLIERS OR CUSTOMERS**
- **COMPETITION OR COMPETITIVE PRESSURES**

2. RELATIONS WITH CUSTOMERS

We must remain independent in our choice of direct customers. Accordingly, there should never be any mention whatsoever to anyone not an employee of the Company of any application for direct listing or of any aspect of a past, present or future Company decision concerning such an application (refer to "Direct Accounts" in the Division Administration Manual).

There must never be any discussion with a customer concerning the prices at which he sells our products or the customers to whom he may choose to sell our products.

We must be evenhanded in our treatment of customers. Prices, terms and conditions of sale offered to one customer, should be offered to other customers who are his competitors. Similarly, our merchandising programs are to be strictly limited to their terms, and no customer is to be offered any advantage not offered proportionally to other customers who are his competitors.

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3. RELATIONS WITH SUPPLIERS

We should never indicate to a supplier that our purchases from him are in any way conditioned upon his selling or not selling to any other company, or conditioned upon his purchases from us or from other affiliated company of ours.

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4. RELATIONS WITH GOVERNMENT AGENTS OR AGENCIES

Inquiries or requests for information from the Department of Justice, Federal Bureau of Investigation, Federal Trade Commission or any other Federal, State or local agency should be referred immediately to the Lorillard Legal Department without any attempt to reply orally or in writing. The government representative should politely be told only that such matters must be referred to counsel.

This policy statement is a summary and is intended only as a convenient checklist of sensitive areas. It is not a complete statement of the antitrust laws or a substitute for legal counsel. Any question which arises concerning any area covered by this statement should be referred to the Lorillard Legal Department.

THIS CARD SHOULD BE KEPT AT HAND FOR FUTURE REFERENCE