

APPENDIX C

555's Potential - British Columbia

Assumptions

Target consumers will increase by 8% per annum.

Due to taxation/Smoking & Health issues, overall British Columbian market will decline 5% over 5 years.

As market is 90% Modified Virginia, 10% US blend, assume a modest UK Virginia market share of 3% in Year 1, 10% in Year 5.

	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
Smoking population	25723	27780	30002	32402	34994	37393
Consumption (mns)	187.3	202.1	218.4	235.9	254.8	275.1
Adjustment for Market decline (1% per annum)		200.2	214.0	228.8	244.7	261.3
555's Domestic Volume		6.0(3%)	10.7(5%)	16.0(7%)	22.0(9%)	26.1(10%)
Duty Free Vancouver		0.5	0.8	1.0	1.5	2.0
Total		6.5 ===	11.5 ====	17.0 ====	23.5 ====	28.1 ====

NB: Estimates are at the lower end of potential and do not take into account any purchases by Canadian nationals

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