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BRITISH-AMERICAN TOBACCO COMPANY LTD

A member of the B.A.T. Industries Group

ALH/SC

29th June, 1990

Mr. J-L Mercier
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Canada

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Dear Jean-Louis,

Fundamental Research Centre Costs

I believe our meeting last week was useful in identifying some better bases for ITL's involvement in the Fundamental Research Programme at Southampton. On several occasions we referred to the 1990 contribution by ITL to this Programme.

Having had our meeting, I told Pat Durn that I will be sending details that have already gone to the other CAC's of the actual proposed invoice charge for this year. This reads as follows:

"At the TSRT of 9th November 1989 agreement was given to an outline programme for this new Centre and to the tentative 1990 costs to the individual companies. However, the changes in organisation in Southampton did not take effect until 1st April, 1990 and, as a consequence, your company will have been invoiced for the first quarter at a rate based on a total charge for all companies of £3.11 million, the figure calculated for the Research Department of the BATUKE R&D Centre. Although I indicated that this figure would rise to £3.98 million in implementing the restructure (and this was accepted), I can now inform you that this cost will in fact be £3.63 million (with BATCo. absorbing all extraordinary charges of redundancy, refurbishment etc.). The invoiced charge for the remainder of the year (i.e. from 1st April) will be calculated on this new basis.

One further detail needs to be clarified. At that same TSRT I gained agreement to the Scientific Research Group charges rising from £66,000 to £86,000 per company. This modification was not incorporated in our March invoice but we need to correct this situation in subsequent charges."

I trust this will gain your agreement.

With kind regards,
yours sincerely,

PP Sheila Cole
A.L. Heard

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