



BAT INDUSTRIES

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Registered Office

20th November 1987

ALH/DET

J-L Mercier, Esq.,
Imperial Tobacco Limited,
Canada.

Dear Jean-Louis,

Fundamental Research Costs

The recommendations of this year's Research Conference were that the Fundamental Research Programme at Southampton should be £2 million p.a. be maintained. In addition, two new projects responding to the R. J. Reynolds' smokeless cigarette challenge were supported by the Conference. The first project is a close copy of the RJK product (but avoiding their patent) and the other is aimed at a heavily modified cigarette (reduced tar and normal nicotine).

The projects were endorsed by the Tobacco Strategy Committee as was the need to take on additional resources. It was agreed that, for Imperial Tobacco, a reasonable allocation of £1.5 million for fundamental research including these new projects would be £1.5 million and that BATCO should negotiate payment to the Fundamental Research pool on this basis. (Although Southampton will be the centre of one of the projects, the location of the other project is not yet decided - in the event that B&W, for instance, are responsible for the other project, they will receive a contribution from this pool).

The TSRT have asked for a progress report on Fundamental Research next autumn when total expenditure and allocation of charges for successive years will be approved.

I would appreciate confirmation of your agreement to contribute at the recommended level for 1988.

With kind regards,
Yours sincerely,

G. L. DENNIS

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