

Alphonse D. Suet

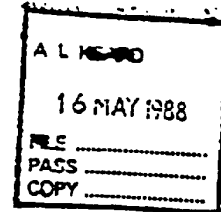
Imperial Tobacco Limited



3810 St-Antoine Street
Montréal, Canada
H4C 1B5
(514) 932-6161

Jean-Louis Mercier
Chairman and
Chief Executive Officer

May 6, 1988



Mr. A.L. Heard
British-American Tobacco
Westminster House
7 Millbank
London SW1P 3JE, England

Dear Alan:

In response to your letter dated 20th April, we are agreeable to payment of £570,000 with the understanding that:

1. Canada's contribution to the group fundamental research programme originally designated at £2.2M is £300,000. A re-allocation of priorities resulting from the March review of the Southampton programme addresses in part the priorities of Project Greendot.
2. The S.R.G. funding allotment is £60,000.
3. An additional £1.0 million is to be allocated to Project Greendot and Airbus. It is understood that Airbus being at a preliminary stage of investigation, will be reviewed in the fall, and a decision taken then as to the viability of that longer term project. Until then, there will be no increase in B&W staff; so any monies allocated to this project will be for external contract research requirements only.

Since it is envisaged that Greendot will require additional resources for staffing and for external contracts, I feel it appropriate that a quarterly accounting of additional expenses be forwarded on, at which time we will gladly pay our proportion toward those expenses up to a maximum of £210,000 for this year.

*D.S.
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Sincerely yours,

JLM:pt

c.c. Dr. P. J. Dunn

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