

# Imperial Tobacco Limited

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LOMBARD STREET BRISTOL BS99 7JR  
Telephone: 0272/666961 Telex 44791

STRICTLY CONFIDENTIAL

23rd December, 1977

Dr. S.J. Green,  
British American Tobacco Co. Ltd.,  
P.O. Box 482,  
Westminster House,  
7 Millbank,  
London SW1P 3JE

*Imasco*

Dear Dr. Green,

6008

Sweetened Cigar Tip - B-A.T. Patent 1108855

At our recent meeting in London you indicated that the revised draft agreement sent to you on 28th June, 1977 was acceptable.

However, I have been asked to put an alternative proposal to you for your consideration. The proposal is as follows :-

ITL would agree to pay royalties as you indicated on the telephone to Dr. G.R. Woodman (i.e. 15p/1000 for the first five million cigars sold, 12p/1000 for the next five million cigars sold and 9p/1000 cigars sold thereafter) up to a maximum value of, say, £20,000, i.e. the value of the proposed single payment).

The sum of £20,000 represents several years sales (based on current forecasts) of the proposed cigar brand, if payment of this amount had been on the royalty basis as set out. This would be a very high cost to have incurred as a single payment if the brand was not a success. Consequently, ITL would prefer an agreement whereby they paid on the royalty basis up to a maximum value of £20,000, at which point payments would cease.

I look forward to your comments on this alternative proposal.

Yours sincerely,

*R.J.K. Shepherd*

Dr. R.J.K. Shepherd,  
Research Licison Manager.

INCORPORATED IN ENGLAND No 73087  
REGISTERED OFFICE LOMBARD STREET, WESTMINSTER, BRISTOL

MEMBER OF IMPERIAL GROUP LIMITED

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