



BAT INDUSTRIES

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From the Chairman

5th July 1989

Mr. H.F. Frigon,
President and Chief Executive Officer,
BATUS Inc.,
2000 Citizens Plaza,
Louisville,
Kentucky 40202,
U.S.A.

Dear *H.F. Frigon,*

I thought you might wish to know what action has been taken as an immediate follow-up to the CAC held in Brazil in May.

The need to strengthen the management resource was one of the main themes of the conference and in addition to the direct action which is already being taken, Tom Long has also written to each of the Operations suggesting how the impetus might be sustained, using the next round of succession planning as a focus for this.

We have confirmed that Imasco will, in future, be directly represented on the Tobacco Strategy Review Team and we are also discussing how we might strengthen co-operation in Financial Services. In this latter case, further consideration has suggested that in view of the wide diversity of interests, it would not be appropriate to set up a Strategy Review Team similar to that for Tobacco. However, we still believe that it would be useful to strengthen co-operation on specific projects and this is the approach which is currently being followed.

More generally, the discussions in Rio de Janeiro have been taken into account in the Group Strategy Review, presented to the Board in July and we have tried to ensure that the conclusions from that review gave due weight to the views that were expressed at the conference.

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I shall write to you again at the end of August to obtain your considered reaction to the conference. At the same time, I will also be asking for your views about the form, location and venue for a future meeting, assuming that you think it would be worthwhile to continue with this series of conferences.

In the meantime, I would like to take the opportunity to thank you again for your own contribution to the very constructive discussions in May.

Yours sincerely,



P. Sheehy

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