



BAT INDUSTRIES

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Registered Office

From the Chairman

To: Mr. E.A.A. Bruell (Imasco)

B.A.T Industries Guidelines 1988

1. The attached Guidelines outline the contribution which Imasco is expected to make to B.A.T Industries and to the development of the Group, defining the levels of performance which should be aimed for and the agreed priorities for action, which they should be asked to reflect in their plans for 1989-1993.
2. The Guidelines are consistent with B.A.T Industries' own objectives:-
 - (a) To continue to achieve growth in earnings per share and dividends per share comparable or better than other leading UK quoted companies.
 - (b) To achieve a return on the assets employed in the business sufficient to generate a net cash flow which is adequate both to pay the dividends and to fund the investment necessary to support the required rate of growth.
 - (c) To concentrate development in Tobacco, Financial Services, Retailing and Paper/Pulp, with particular emphasis on UK/Europe and North America but still maintaining the existing strong presence elsewhere in the world and continuing to seek opportunities to strengthen the position in the Pacific Basin where this is feasible.
3. The B.A.T Industries Board has also agreed that there should be particular emphasis on plans to achieve and maintain defined positions of competitive advantage in each of the Group's businesses in order to provide the basis for achieving above-average performance and fast rates of growth, particularly through gains in market share and through having the ability to become established in a strong position in new markets.
4. A key to this will be the quality of management and hence the need to recruit, retain and develop outstanding managers should also be reflected in the plans.
5. In the main, the Guidelines are a restatement of the objectives and priorities which have been agreed previously with the CPC. If there are any points of clarification required, Dr. Salter should be able to provide these. If there are specific Guidelines which you wish to discuss further, please let me know.


P. Sheehy

27th July 1988

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