

(c) "Participant" means any affiliate to which BAT provides or has agreed to provide information pertaining to Central Group Research.

2. With effect from Imperial shall contribute to the cost of Central Group Research for each year ending 31 December ("the current year") a sum calculated in accordance with the following formula:

$$\text{Budgeted cost of Central Group Research as calculated by BAT} \times \frac{\text{Net turnover of Imperial}}{\text{Net turnover of all participants (including Imperial)}}$$

provided that in respect of any current year up to and including the year ended 31 December 1982 Imperial's contribution shall not exceed 0.21% of its net turnover and in respect of subsequent years its contribution shall not exceed 0.21% of its net turnover or such other percentage thereof as may be agreed between the parties hereto.

For the purposes of calculation "net turnover" means net turnover arising from the sale of tobacco products in each participant's last financial year before the commencement of the current year.

3. Imperial shall remit its contribution to BAT at such intervals as may be agreed between the parties hereto but in any event within 90 days of the ending of each current year.
4. (1) BAT shall promptly provide Imperial with information resulting from Central Group Research.
- (2) Imperial shall have royalty-free use in Canada of all developments resulting from Central Group Research.
5. For the avoidance of doubt both parties hereby agree that BAT shall have full, worldwide ~~proprietary rights to all products information~~ and developments resulting from Central Group Research including inter-alia the right to

109841811

patent and license such products information and developments.

6. Nothing contained in this Agreement shall preclude Imperial from conducting its own research at its own expense and from having full worldwide proprietary rights to all developments resulting from such research.
7. This Agreement may be terminated by either party giving one year's written notice of termination to the other party such notice to expire on December 31 of any year.
8. Any prior agreement for the sharing of costs of Central Group Research is hereby automatically cancelled.
9. This Agreement shall be governed by and construed in accordance with the Laws of England.

109841812