

RESTRICTED

BRITISH-AMERICAN TOBACCO COMPANY LIMITED

MANAGEMENT BOARD MEETING

26th May 1992

Present: Mr B D Bramley (Chairman)
Mr P N Adams
Mr N G Brookes
Mr N Davis
Mr K S Dunt
Mr R S Hartley
Mr R H Pilbeam
Mr J Rembiszewski

In attendance: Mr P L Clarke (Secretary)

Also attended: Mr N Norsworthy (Item BH.37)
Mr G A Read (Items BH.38
- BH.39)

PREVIOUS MINUTES

The minutes of the meeting held on 16th April 1992 were agreed.

APOLOGIES

Apologies for absence were received from Mr D S Watterton.

BH.37 PROJECT RUBICON

The Board discussed a draft paper on Project Rubicon which proposed that the businesses of BATCO and BATUKE be combined and re-structured on a regional basis. The present territorial directors would become regional directors responsible for sales in all markets within a region, whether domestic or export. In the course of discussion, it was felt that further work on the proposed financial structure should be carried out and that a detailed implementation plan should be prepared so that the timing of the steps required to reach the final structure could be reviewed. It was agreed that a special meeting of the Management Board should be convened in June to consider the results of this further work.

BH.38 R&D DEVELOPMENTS

Mr Read reported that, following a decision by the TSRT, wide-range Group fundamental research and development at Southampton had been terminated.

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Activities of the Fundamental Research Centre ("FRC") and the BATCo Technology Centre ("BTC") were in the process of being integrated. This reorganisation was part of a Group-wide policy of establishing centres of excellence for product development in respect of US and Virginia brands. BTC now has responsibility for product development in relation to Virginia products, while BATCF and Brown & Williamson have joint responsibility for product development for US brands. The new organisation was designed to bring the scientists closer to BATCo's business needs.

The meeting stressed the importance of ensuring that product development work was not unnecessarily duplicated around the Group and Mr Read was asked to liaise closely with the other CAC companies in this respect.

It was agreed that BTC's detailed programme of activities should be presented to the Board later in the year and that the meeting for this purpose would be held at Southampton.

The Board noted that opportunities were expected to arise for improving BAT's representation on the Board and Scientific Commission of CORESTA.

Mr Read reported on the work programme proposed for the Smoking Research Group ("SRG") and it was agreed that the terms of reference and funding arrangements for the SRG should be reviewed.

BH.39 TRANSDERMAL NICOTINE PATCHES

The Board noted a paper which had been prepared at the request of the TSRT on transdermal nicotine patches. It was noted that this product was distributed through pharmacies and that there were few, if any, synergies between the cigarette industry and the manufacture and sale of nicotine patches. It was not considered to be an appropriate investment for BATCo.

BH.40 HEALTH WARNINGS

The Board considered the proposed BATCo guidelines on health warnings and felt that the proposals in relation to the sale of cigarettes in EEC duty-free markets should be reconsidered. The Board requested that revised recommendations in this respect should be submitted to the next Board meeting.

BH.41 TOUR REPORTS

Tour reports from Costa Rica, India, Australia and New Zealand were noted.

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