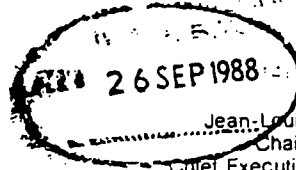


Imperial Tobacco Limited



Jean-Louis Mercier
Chairman and
Chief Executive Officer

August 25, 1988

E.A.A. Bruell, Esq.
British-American Tobacco Company
Westminster House
7 Millbank
London SW1P 3JE
England

Dear Eric:

Attached is the document mentioned during
your last visit.

It is not meant to be a critique and is
still very conceptual.

If you feel the idea has some merit, we could
discuss next time we meet.

Sincerely,

JLM:pt

Att.

202205659

BAT Industries document for Province of British Columbia 25 October 1999

Each time I attend a B.A.T. Tobacco Conference, I always ask myself the same question: where is the synergy and the unity of purpose? There appears to be a missing link in the system such as a mechanism that would play a vital part in creating an awareness, an understanding, an agreement and a commitment to a short list of major objectives and strategies to address the most fundamental and universal issues facing the Tobacco Group.

The problem is not people (I believe that unity of purpose could be created); as I perceive it, the problem is the current organization structure.

B.A.T. Industries' tobacco operation is divided into two worlds that, except at the very top of the organization structure, seldom meet, consult or talk to one another.

1. The C.A.C. companies.
2. The B.A.T. Tobacco Companies.

Please rest assured that the proposal which follows does not, in any way, suggest, or even contemplate changes to the formal reporting structure i.e. C.A.C. companies reporting to Industries, etc.

This proposal, which is still at the conceptual stage, is an attempt to accommodate the above peculiarity of the current organization structure of B.A.T. Industries which, I believe, is somewhat limiting to the total tobacco operation.

This proposal contemplates that a Committee would be formed; let's call it, for the purpose of this memo, the 'Advisory and Implementation Committee'. In its advisory role, it would have no authority. Members would seek approval through current channels i.e. I.T.L. from Imasco, etc. Once approval has been received, the Committee would have implied authority to, cause to be implemented, what has been approved within the limitations of the approval re: budgets, etc.

cont'd...

202205640

The Committee would be structured as follows:

- . Chairman, B.A.T. Tobacco (Barry Bramley).
- . C.E.O.s of the C.A.C. tobacco companies.
- . C.E.O.s of a few of the key B.A.T. tobacco companies; for example, Switzerland.

The membership of the Committee should not exceed twelve people plus the Secretary.

The Committee would, in no way, replace the current B.A.T. Tobacco Company Board of Directors; it would deal essentially with strategic issues of worldwide scope. It would listen to proposals, select alternatives, seek approval to proceed, recommend an organization structure to deal with each specific proposal and, finally, monitor results. In other words, it should hopefully bring wisdom, synergy and unity of purpose to the tobacco strategic planning process.

Here is how it would work: the Committee would meet twice a year in London, England. A detailed agenda would be coordinated and prepared by the Chairman of B.A.T. Tobacco Company and distributed to the members well in advance of the next meeting so that each member can familiarize himself with the items to be discussed and with their implications.

The Committee would, once a year, listen to the Chairmen of the Production and R. & D. Conferences essentially to insure that their proposed programmes of work are tailored to answer to key strategic issues and objectives. Also, once a year, each V.P. of Marketing of the member companies would present (with other Marketing V.P.s in attendance) their key strategic issues and objectives and their plans to answer to same.

The other activities of the Committee would be to determine (listen to proposals) and recommend group projects answering to major tobacco corporate strategic issues - seek approval - set objectives - cause proper organization structure to be put in place - cause to proceed and monitor progress through an annual presentation by the specialists actually doing the work in each of these projects.

The members of the Committee need to learn to work together and this takes time; consequently, I would recommend that, for a period of time, the Committee restrict its activities to proposals and projects dealing directly or indirectly

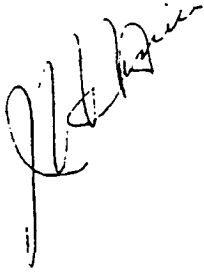
cont'd...

202205641

with the universal problems related to Smoking & Health and its derivatives. It could, at a later stage, if the process is successful, get involved in other corporate-wide tobacco strategic issues.

The Chairman of B.A.T. Tobacco (Barry Bramley) would present the Committee's priorities in terms of strategic issues and work programmes to the C.A.C. Conference and, in turn, appraise the Committee of C.A.C. recommendations.

JLM:pt

A handwritten signature in dark ink, appearing to be 'JLM', is written over the typed name 'JLM:pt'.

202205642