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Internal Announcement



News from BAT INDUSTRIES

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With effect from 1 January 1996, B.A.T Industries' worldwide tobacco operations will be managed as a single entity by a new company, British-American Tobacco (Holdings) Limited, which will be headquartered at Staines and Woking in the UK.

The new company will be known as British-American Tobacco. Its Board members will be:

Managing Director:	Ulrich Herter
Regional Director, Asia-Pacific:	Paul Adams
Regional Director, America-Pacific:	Nick Brookes
Regional Director, Latin America & the Caribbean:	Antonio Monteiro de Castro
Regional Director, Africa, the Middle East, Southern and Central Asia (AMESCA):	Tony Johnston
Regional Director, Europe:	Bernd Schweitzer
Finance Director:	Keith Dunt
Business Development Director:	Edouard Ettedgui
Operations Director:	Earl Kohnhorst
Legal Director and General Counsel:	Mick McGraw (Acting)
Marketing Director:	Jimmi Rembiszewski
Human Resources Director:	David Stevens
Consumer and Regulatory Affairs Director:	External appointment

All Directors, with the exception of the America-Pacific Regional Director, will be based at the UK headquarters, to help establish a unified culture from the outset.

Over time, it is anticipated that the Latin America & the Caribbean and Asia-Pacific regional teams will be moved, one at a time, to appropriate locations within their regions, with the first move probably taking place by the end of 1997. The Europe and AMESCA regions will remain based in the UK.

To allow more decisions to be taken in, or close to, the market, we are in the process of identifying a number of country groupings, or 'clusters', which will report to the relevant Regional Director.

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The composition of the Regions is as follows:

Asia-Pacific: China, Indo-China, the Philippines, South-East Asia and Australasia.

America-Pacific: The USA, Mexico, Japan and South Korea.

Latin America & the Caribbean: South and Central America and the Caribbean.

AMESCA: Africa, the Middle East, Southern and Central Asia, including the Caucasus, Turkey and the Indian Sub-Continent.

Europe: including Russia and Israel.

Imperial Tobacco, Canada, will continue to report through Imasco to B.A.T Industries.

The function of the centre is to formulate global strategy and to give clear direction to end markets. The Board is responsible for delivering superior financial performance to B.A.T Industries through:

- the achievement of the vision of becoming the world's number one tobacco business;
- the management of international brands, providing country management with the strategic direction and support they need to manage and develop them effectively at a local level. These brands are *Lucky Strike*, *Kent*, *Pall Mall*, *Viceroy*, *Hollywood*, *State Express 555*, *John Player Gold Leaf*, *Benson & Hedges* and *Silk Cut*. They will be managed through a single line of accountability to the Marketing Director;
- the further development of strategies and best practice with respect to trade marketing;
- the formulation of manufacturing strategies and global product sourcing;
- the re-definition of fundamental research, to deliver more effective long term product development and the development of an appropriate organisational structure;
- the creation of a more responsive product development capability for the end markets;
- the formulation of global tobacco leaf strategy;
- the management of procurement issues relating to machinery, materials and services; and
- the management of consumer and regulatory affairs, including smoking issues, marketing and consumer freedoms and excise.

This announcement provides only the headlines. The future structure, together with details of the implementation process, will be explained at a launch conference to be held in London from 28 November to 2 December 1995. Invitations to the conference will be sent out over the next week or two.

Following the conference, it will be each delegate's first responsibility to ensure that all staff are thoroughly briefed on the new organisation. There will also be a series of regional conferences in the New Year. All general and country managers will attend either the launch conference or their regional conference.

Implementation will commence immediately and continue throughout 1996.

More details of the regional conferences will be available in due course. For the moment, however, the venues and dates are as follows: Asia-Pacific - Hong Kong, 3-5 January 1996; Latin America & the Caribbean - Miami, 17-19 January 1996; America-Pacific - Louisville, 18/19 January 1996; AMESCA - London, 21-23 January 1996; and Europe - London, 24-26 January 1996.

Commenting on the new tobacco structure, Martin Broughton said: "This is the beginning of our new world. Our future success will depend on all of you, just as it always has in the past. And in order to secure that future, we are asking you to pull together as one business in single-minded pursuit of no less an objective than global leadership of the world tobacco market."

This announcement is accompanied by a launch video and other supporting material, all of which form an integral part of the communications package.

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