



B.A.T (U.K. and Export) Limited

NOTES ON MEETING WITH IMPERIAL TOBACCO, CANADA
TUESDAY 17th DECEMBER 1991

ACTION

PROJECT DANIELS

1. Launch Date

Due to other planned activities, earliest time slot would be an in-market launch in mid-June 1992 - w/c 8th or 15th. Ed Maling to advise.

FM

2. Launch Volumes

RB handed over his draft of the B.C. market potential including a projected 8 month initial launch volume of 8 million. Ed Maling to discuss with his team and reassess this draft. He will estimate an initial volume requirement based on the distribution targets set.

FM

3. Contract

A draft Distribution Agreement was left with Ed Maling and Mac Harrison. A response will be forwarded to RB early in New Year.

GMH/FM

4. Pricing

Due to Tax changes and Manufacturers Price Increases, the Price Structure chart needs to be reviewed. RB will produce a new draft for Imperial team to check and amend, as necessary. Appendix A refers. The suggested CIF price would be Can\$ 29.90 per mille. No manufacturer price increases are planned before the June launch period.

RB

5. Merchandising

Basic objectives agreed were:-

Target Dunhill outlets

Achieve awareness displays in 150 key outlets

Achieve shelf displays. Locate brand near/next

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ACTION

to ITL section - not within it. Minimum 2 pack display.

Requirements are:-

300 Counter Units (150 x 2 = 300) 150 to act as replacements. Estimated Cost - C.\$40 per unit.

100 Cash Register Display Units. Est. Cost \$26 per unit.

500 Shelf Talkers (Cardboard). Est. Cost \$2.00 each

500 Shelf Arrows (Cardboard)

500 Wholesale Flyers

Specifications:-

Suggest existing style of Imperial Counter/Cash Register Display Units are utilised. Joe Dysart to despatch a sample of each unit to Stuart Facey.

ID

Decisions on the background colour will need to be taken.

SF/VR

Shelf Talkers - 12" x 1.5". Colour? Possibly the Chevron device can be used.

Arrows - Could be in a "Chevron" shape - coloured red and the word "New" included. Purpose to highlight pack on-shelf.

BATUKE need to liase with Joe Dysart on all matters relating to merchandising, communication activities.

Budgers. Ed Maling would prefer BATUKE to supply him with a promotional launch budget including all activities noted above plus Wholesale incentive. This will allow him flexibility to adjust items accordingly to cost/need.

SF

RR recommends that all items are sourced by Imperial to BATUKE specifications.

6. Other Matters

- UPC Codes need to be sent to Bill Saunders for checking

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ACTION

- Pack layout proposal from BATUKE differs from Canadian style. i.e. The "555s" on the top of the lid faces the wrong way. APPENDIX B & C refers. SF
- 5 mille cases will be required SF
- Shipments can be made by sea to Montreal or by air to Vancouver. RB recommends a check is made on relative costs. JB
- No salesforce incentive will be announced. Post launch RB can decide whether any gifts should be provided. RB
- Richard Ward is arranging for cartons of Canadian product to be forwarded to S.Facey RW
- Ed Maling to provide RB with Market Shares data. EM

J.Cane.

pp R.Brentnall

Distribution:

Imperial

G.M.Harrison
E.Maling
J.Dvsart
R.Ward

BATUKE

S.Facey
V.Becher
J.Beck
J.Pothecary
I.Previati

RB/JVC
19.12.91

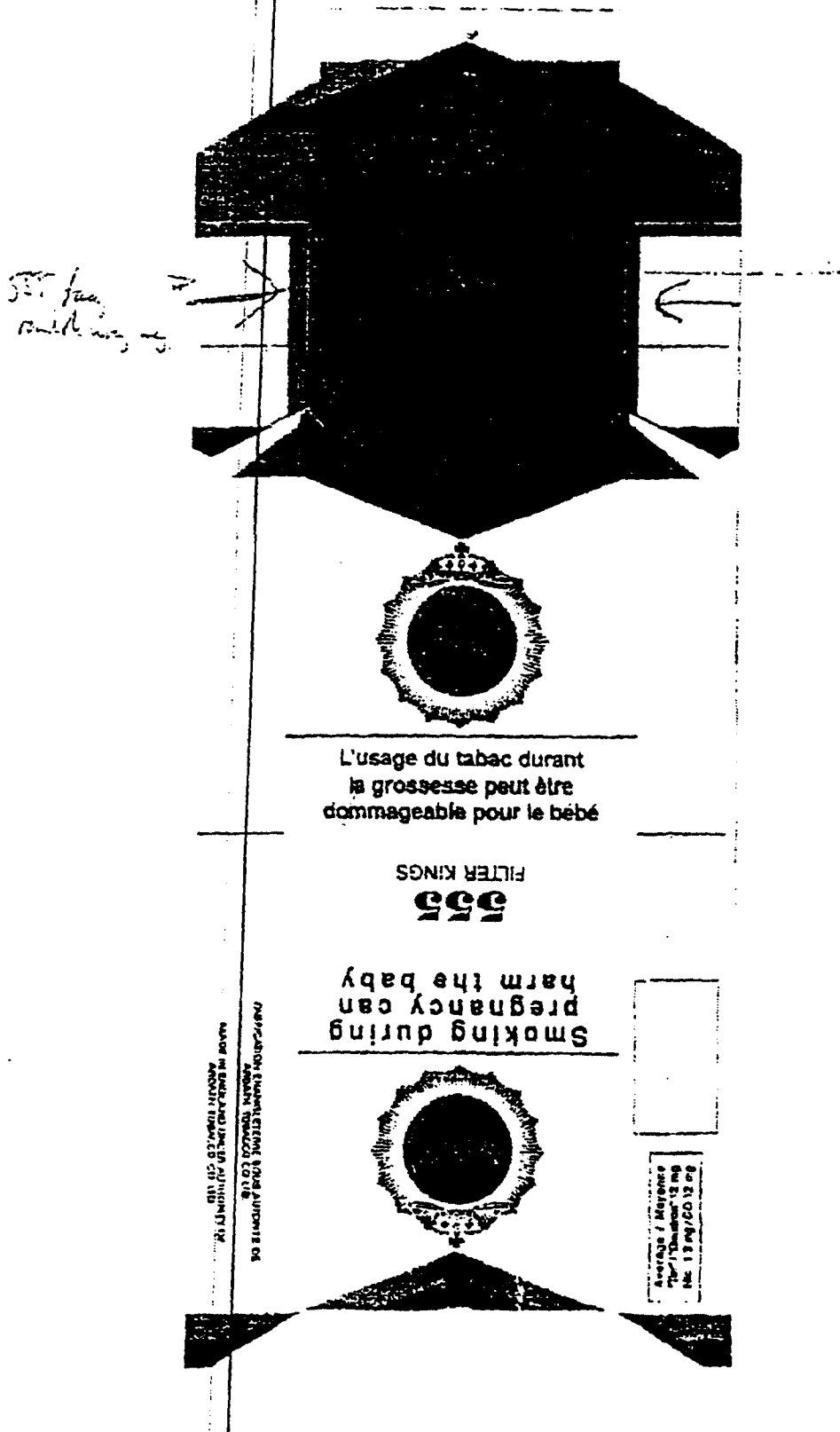
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APPENDIX A

| PRICE STRUCTURE | | SEPA 555's | | |
|--|------|------------|------------------------|-------|
| 18/12/91 | | per 1,000 | EX. RATE | 2.29 |
| CAN. \$ | | | | |
| Suggested BAT/KE CIF | | 29.900 | | |
| less Freight | | 0.450 | | 12.11 |
| | | ----- | | |
| Base for duty | | 29.450 | | |
| Custom Duty 10% | 10 | 5.990 | | |
| Federal Excise duty | | 27.475 | | |
| | | ----- | | |
| Total Duties | | 33.465 | | |
| | | ----- | | |
| Federal Excise tax | | 31.725 | | |
| Freight | | 0.450 | | |
| | | ----- | | |
| Laid down cost | | 114.951 | | |
| | | ----- | | |
| Freight out | | 0.259 | | |
| | | ----- | | |
| | | 115.210 | | |
| | | ----- | | |
| NET PROFIT | 10 | 2.990 | | |
| 10% off CIF | | | | |
| Gross invoice price | | 118.24 | | |
| Less | | | | |
| Cash discount 2.5% | 2.5 | 2.96 | | |
| Bonus rebate | | 0.14 | | |
| | | ----- | | |
| Net invoice price | | 115.14 | | |
| | | ----- | | |
| Trade margin 17.5% | 17.5 | 20.31 | | |
| Provincial Tobacco Tax | | 34.00 | | |
| Retail per mille | | 229.74 | | |
| Retail per carton | | 45.95 | Shelf price Ave: 43.99 | |
| Retail per pack | | 4.59 | Shelf price Ave: 4.97 | |
| Plus G.S.T. (7% (Goods and Service Tax) | | | | |

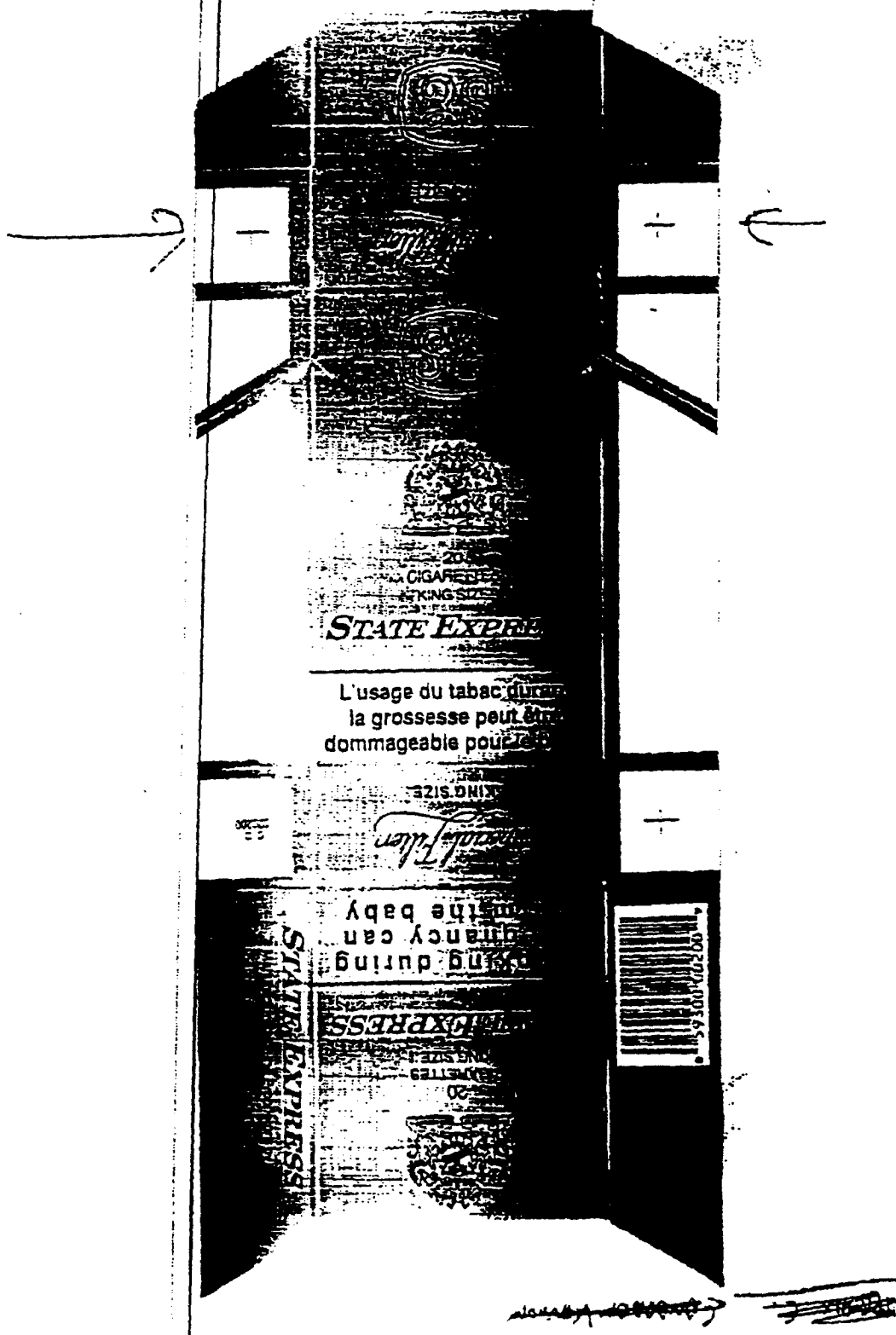
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Appendix B UK KRISINA



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12012 C Counter Version



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