



BRITISH-AMERICAN TOBACCO COMPANY LIMITED

1 December 1993

for Hold for response

FACSIMILE

J. 2/12

Mr M Luengo
BAT ESPANA SA
Maria de Molina 39
28006 Madrid
SPAIN

Dear Miguel,

Building the US International Brands

A. Driving VICEROY

Jimmi, Mick Fenn and I would like to learn more about the performance of the (currently tactical) USIB VICEROY in Spain and what is BAT(E)'s understanding about the brand's essential core values. BAT(E) is currently working on improving the advertising. BAT(E) is also looking at the new Swiss KENT concept, I think.

B&W will be presenting at the TSG in December their response to the TSG's instruction for them to put together a full programme of communications materials. The whole package will not be tested and ready for use until Q2. You should be aware that B&W is producing this package of materials.

BAT(E)'s experience with the brand will act as a learning for the rest of Europe where the brand may be marketed. Our visit to Madrid will take place as soon as the secretaries can arrange it in January.

B. Developing Communications for the strategic USIBs

These come from the Brand Owners or from a source like KNS which is approved. In the matrix and for local commitment, we want local market input and the materials will always need local adaptation on language etc., but the materials should originate from a central source.

From correspondence and behaviour it seems that you and Julio believe that BAT(E) should be empowered to produce ATL and BTL campaigns locally for LUCKY STRIKE and BARCLAY. That is not the case for the Group's strategic brands unless there is the direct agreement by the Brand Owner and BATCo Millbank.

I regret to say this but the print executions for the LUCKY STRIKE 84 promotion are sub-optimal. My complaint was discussed and endorsed by the RBU at the Company Plan meeting which Julio attended.

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C. LUCKIES' 1994 Sports Event Programme

Jimmi overruled the USIBG at the Co. Plan meeting. He decided that because the brand needs loyalty building, and is in a different stage of development from the rest of BATCo Europe, BAT(E) does not have to do the first event promotion in January.

We did agree that the quality and content demonstrated by the 84 promotion creative materials must improve and reflect the core values of the brand in any Q1 promotion. Mick Fenn and I need to sign off in advance on any strategic USIB materials produced locally and advise the Brand Owner.

Ian Johnstone of my Brand Group has written to Alan Morris suggesting an on-pack coupon promotion for 1994 which can tie into the core image values of LUCKY STRIKE. I hope this example is stimulating to you and your team.

D. SCORPIO

This should be reviewed with the RBU early in 1994 at the VICEROY Review meeting. I would like to see how you have developed the "Big Pack" creative approach. There is no SCORPIO creative devised by B&W or Millbank.

E. Price Increase

I intend to be heavily involved with the RBU and yourselves on this critical decision for BAT(E) regarding LUCKIES' price and price relativity. Please involve me in any correspondence or calls.

F. LUCKY STRIKE Plain at Madrid Airport

Thank you for your letter which I am studying.

G. Launching BARCLAY

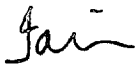
I regret the delay agreed at the Co. Plan meeting but recognise the issue of BAT(E)'s focus on a small range of strategic brands/opportunities with the resources you have.

As Grey Espana continued to work on the project without knowing it was delayed into 1995, there seems to be some lack of communication with one of your agencies.

H. 555 and Carlos Sainz

I gather Sainz will drive next season for the 555 Subaru team. DORNA has been in touch with me. How can LUCKY benefit by some form of association with Sainz?

Best wishes,



I.G. HACKING

cc: Mr J Rembiszewski
Mr J Aranaz
Mr M P Fenn

Mr N Everitt
Mr A Morris

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