



Morgan Stanley Global Consumer Conference

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The vision and strategy remain the same



Sustainable, profitable growth

- Emphasis on improving execution
- Improved deployment of innovations
- Supported by productivity, winning organisation and responsibility



BAT strengths

- Some great brands
 - Based on consumer insights
 - Opportunities in emerging consumer segments
 - Opportunities in key geographies
 - First to world innovations

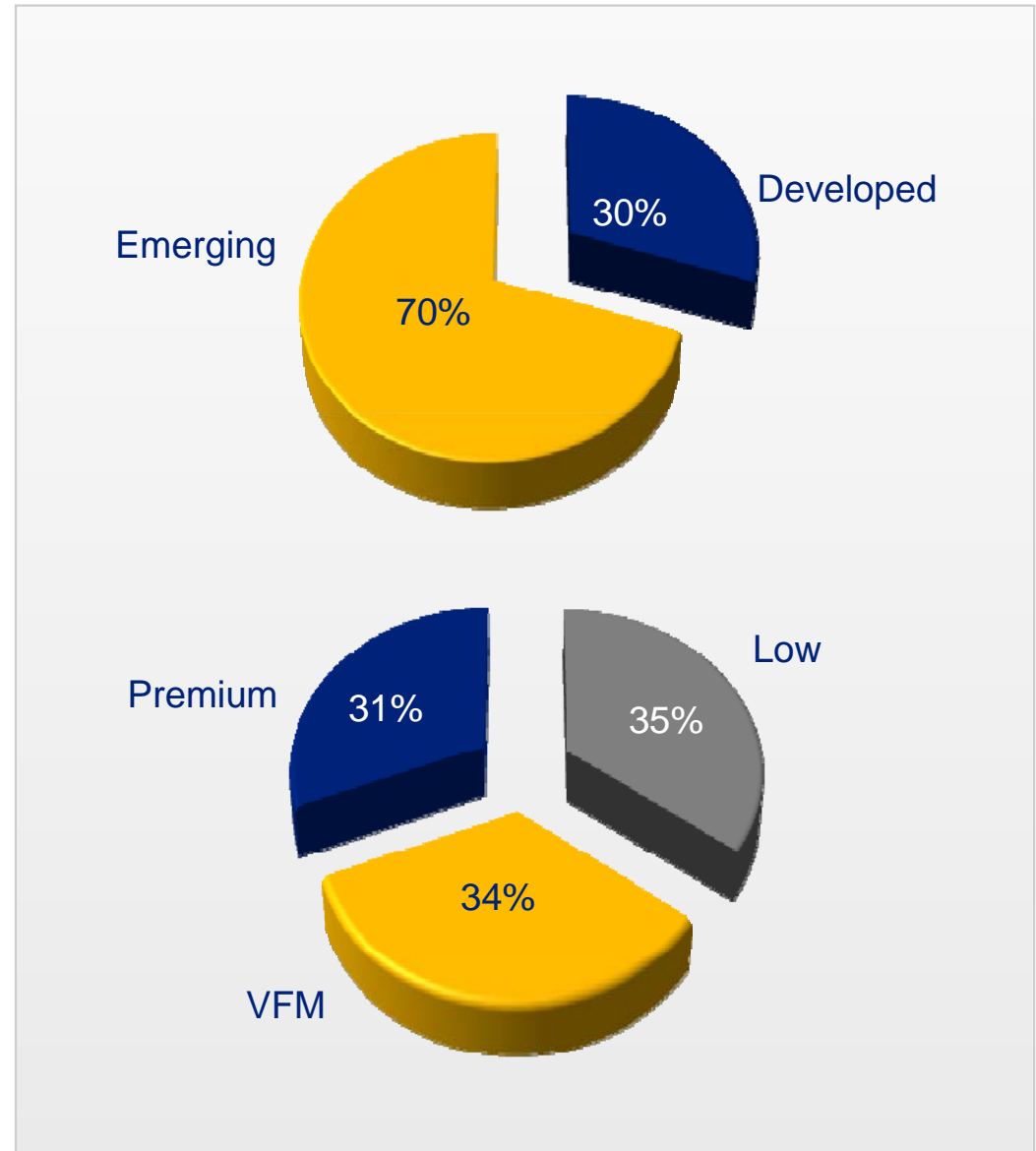


BAT strengths

- Some great brands
- World leading innovations
 - Brand driven
 - Focused on size and scale
 - Deployment across the Globe
 - A full pipeline

BAT strengths

- Some great brands
- World leading innovations
- A great business mix



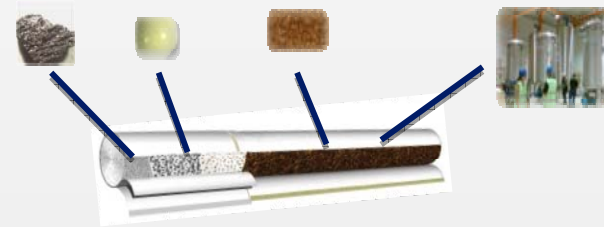
BAT strengths

- Some great brands
- World leading innovations
- A great business mix
- Fully integrated supply chain
 - Leaf sourcing
 - Distribution



BAT strengths

- Some great brands
- World leading innovations
- A great business mix
- Fully integrated supply chain
- Harm reduction



BAT strengths

- Some great brands
- World leading innovations
- A great business mix
- Fully integrated supply chain
- Harm reduction
- Depth of management talent





The growth targets are sustainable

- Market share growth
- Revenue growth
- We can continue to improve margins
- Sustainable profit growth
- High single figure earnings growth is achievable
- Return of cash
 - 65% dividend payout ratio
 - Share buyback programme

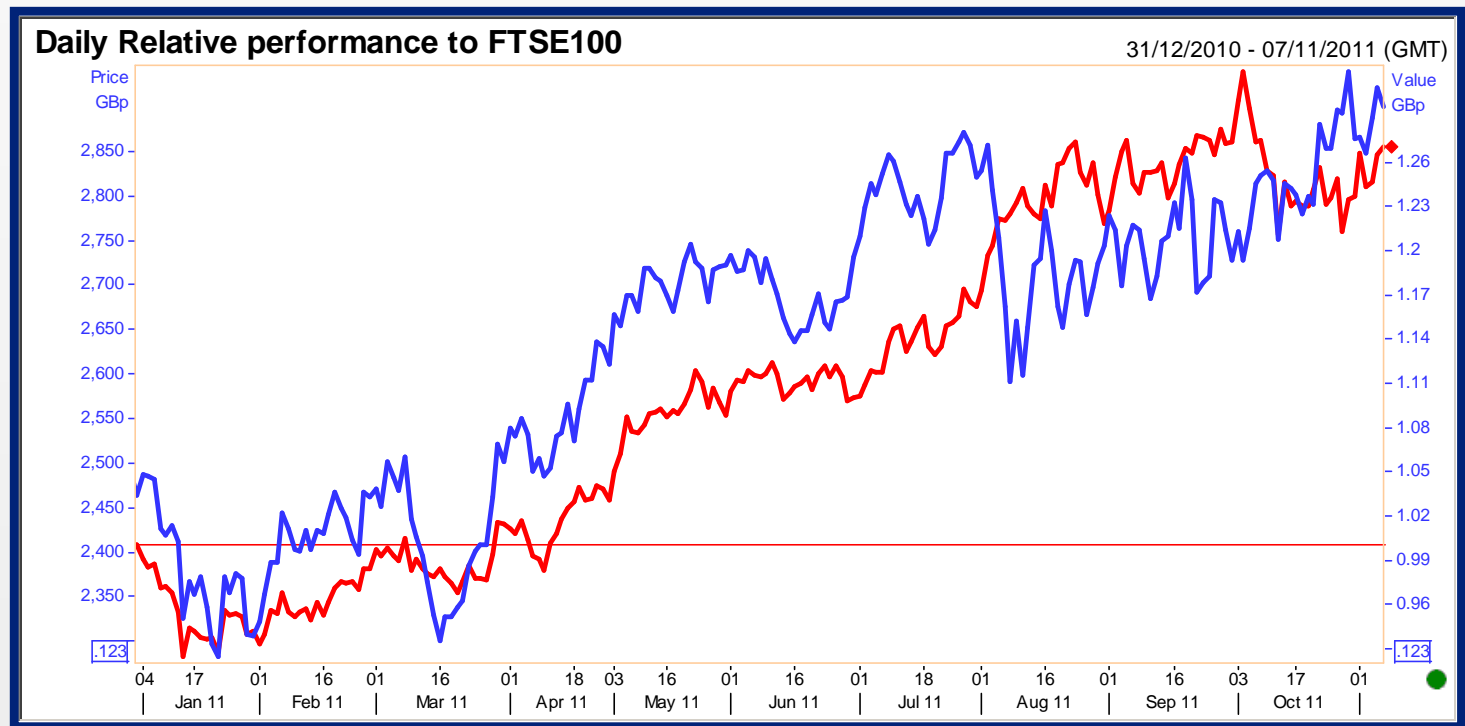


Recent performance

	Organic volumes	Organic revenue	Organic profit	Adjusted EPS
Target	+/- 0.5%	3 – 4%	6 – 7%	HSF
2008	+0.4%	+7%	+10%	+19%
2009	-3.3%	+5%	+7%	+19%
2010	-3.0%	+3%	+6%	+15%
2011 latest	-0.4%	+7%	+11%	+10%
	9 months	9 months	6 months	6 months

Strong defensive performance

Outperformed
FTSE100 by
26%



Consistent market outperformance

Annual total shareholder return of **25%**

Daily BATS Relative performance to FTSE100 since 2000

31/12/1999 - 01/11/2010 (GMT)



BAT share price — Relative performance to FTSE 100 —

*Source Bloomberg 31/12/99 to 01/11/10

Graph: Reuters 31/12/99 to close of business 01/11/10



2011: So far, so good

- Excise

- Early shock in Mexico
- Recent excise shock in Turkey
- Generally, governments have been rational



2011: So far, so good

- Excise
- Industry pricing has been rational
 - ... despite Spain & Korea
 - 7% organic revenue growth



2011: So far, so good

- Excise
- Industry pricing has been rational
- Volume decline is moderating
 - Q3 volumes rose
 - Organic volumes down 0.4%
 - Japan effect was 2 billion or 0.4%



2011: So far, so good

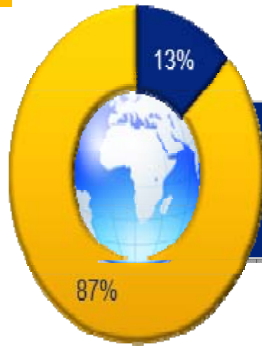
- Excise
- Industry pricing has been rational
- Volume decline is moderating
- Margins improving
 - 35% target will be achieved ahead of schedule



2011: So far, so good

- Excise
- Industry pricing has been rational
- Volume decline is moderating
- Margins improving
- Strategy delivering growth

Opportunities to come



13% WORLD MARKET SHARE



EXISTING PROFIT POOLS



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PRODUCTIVITY



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