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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

Morgan Stanley Consumer Conference, November 2011
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

Developed: 30%
Emerging: 70%
Premium: 31%
Low: 35%
VFM: 34%

Morgan Stanley Consumer Conference, November 2011
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

<table>
<thead>
<tr>
<th>Target</th>
<th>Organic volumes</th>
<th>Organic revenue</th>
<th>Organic profit</th>
<th>Adjusted EPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target</td>
<td>+/- 0.5%</td>
<td>3 – 4%</td>
<td>6 – 7%</td>
<td>HSF</td>
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<tr>
<td>2008</td>
<td>+0.4%</td>
<td>+7%</td>
<td>+10%</td>
<td>+19%</td>
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<tr>
<td>2009</td>
<td>-3.3%</td>
<td>+5%</td>
<td>+7%</td>
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</tr>
<tr>
<td>2010</td>
<td>-3.0%</td>
<td>+3%</td>
<td>+6%</td>
<td>+15%</td>
</tr>
<tr>
<td>2011 latest</td>
<td>-0.4%</td>
<td>+7%</td>
<td>+11%</td>
<td>+10%</td>
</tr>
</tbody>
</table>

- 9 months
- 9 months
- 6 months
- 6 months

Morgan Stanley Consumer Conference, November 2011
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)

*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

TACKLING ILLICIT TRADE

PRODUCTIVITY
Morgan Stanley Global Consumer Conference

Ralph Edmondson, Head of Investor Relations

New York - November 2011