



■ **Special Feature:** \_\_\_\_\_



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## The New JTI

JT International (JTI) is the international tobacco division of Japan Tobacco Inc., and was formed in 1999 when Japan Tobacco Inc. purchased, for USD 7.8 billion, the international tobacco operations of the US multinational RJR Nabisco Inc. In 2007, Gallaher Group Plc, a FTSE 100 business, was acquired by Japan Tobacco Inc. for GBP 7.5 billion. At the time, this was the largest foreign acquisition by a Japanese company. In 2009, JTI will enter its 10th year of existence. JTI is a young industry player built on solid tobacco experience and rich heritage, dating back to the 18th century.



JTI is headquartered in Geneva, Switzerland. Since 1999, its President and CEO is Pierre de Labouchere.

JTI's Executive Committee consists of 16 members, of 11 different nationalities.

JTI is a truly international and multicultural business, employing more than 22,000 people around the world.

### Members of JTI Executive Committee

#### **Pierre de Labouchere**

President and Chief Executive Officer

#### **Yasushi Shingai**

Executive Vice President, Deputy CEO & Chief Financial Officer

#### **Thomas A. McCoy**

Chief Operating Officer

#### **David Aitken**

Senior Vice President Consumer & Trade Marketing

#### **Paul Bourassa**

Senior Vice President Legal, Regulatory Affairs and Compliance

#### **Jörg Schappei**

Senior Vice President Human Resources

#### **Bill Schulz**

Senior Vice President Global Supply Chain

#### **Takehisa Shibayama**

Senior Vice President Research & Development

#### **Frits Vranken**

Senior Vice President Business Development and Corporate Strategy

#### **Martin Braddock**

Regional President CIS / Adriatica / Romania

#### **Stefan Fitz**

Regional President Central Europe / Nordic

#### **Hans-Gerd Hesse**

Regional President Asia Pacific

#### **Fadoul Pekhazis**

Regional President Middle East / Near East / Africa / Turkey and WWDF

#### **Eddy Pirard**

Regional President United Kingdom / Ireland

#### **Michel Poirier**

Regional President Americas

#### **Roberto Zanni**

Regional President Western & Southern Europe / Baltics



## Roles & Focus

The profit growth engine of the JTI Group

Focus on Quality Top Line Growth via Four Core Strategic Pillars:

- Building outstanding brands
- Enhancing productivity
- Responsible behavior
- Developing people

Continuous Improvement is embedded across the organization in addressing these key strategies

## New Global Flagship Brands Portfolio

The eight Global Flagship Brands (GFB) constitute the core of JTI's brand portfolio, further accelerating quality top-line growth.

### Engines

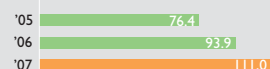
Winston and Camel are "Engine" brands driving JTI's growth.



First introduced in 1954, Winston has proven its status as JTI's key growth engine by becoming the 2nd largest cigarette brand in the world in 2006, demonstrating excellent results in CIS+, South & West Europe and the Rest of the World. Winston has experienced double digit growth over the last seven years and its strong momentum continues through brand extension and ongoing product innovation.

#### Sales Volume

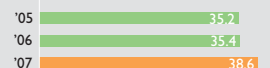
(Billions of Cigarettes)



First introduced in 1913, Camel is the originator of American Blend. Sold in over 100 countries, Camel currently is the 5th largest cigarette brand in the world. In 2007, Camel further accelerated its sales volume in all regions. Camel Natural Flavor and other line extensions contributed to Camel's success.

#### Sales Volume

(Billions of Cigarettes)



### Strongholds

Four stronghold brands have a significant presence in their respective regions increasing the competitive power of JTI's portfolio.



Originating in Japan and launched in 1977, Mild Seven is the top-selling premium charcoal brand worldwide and is the 3rd largest cigarette brand. Its key markets outside Japan are Taiwan, Korea, Russia and Malaysia.



Originally created for the Prince of Wales in 1873, Benson & Hedges has a proud British heritage.

Today, JTI owns the Benson & Hedges trademark in EU markets (excl. Baltics) where it is a leading Virginia premium brand. Benson & Hedges evolves continuously to reflect the needs of premium consumers.



Launched in 1963, Silk Cut established itself as one of the leading brands in the Virginia segment, both in the UK and Ireland.

JTI owns the Silk Cut trademark throughout EU markets with the core markets being the UK, Ireland and Greece, where the brand enjoys a significant market share in premium segment.

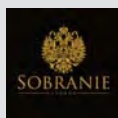


LD was launched in 1999 as a mid-price proposition in the Russian market. The brand achieved immediate success and is perceived as a credible international proposition.

Also available in more than 30 countries, LD is synonymous with innovation and responding to consumer aspirations, including the successful extension of Round Corner packs, Slims and Super Slims formats.

### Future potential

The market presence of these brands is still small, but they have growth potential.



Sobranie is one of the world's oldest tobacco brands and has been synonymous with luxury cigarettes since 1879. This heritage, exquisite style and the best selected tobaccos have made Sobranie one of the most prestigious brands in the world.



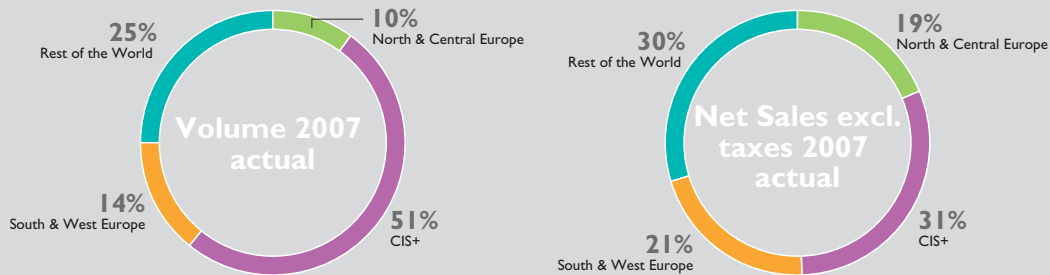
Glamour is JTI's leading Super Slims brand.

Since its introduction in 2005, Glamour has achieved remarkable growth in the CIS, and the No.1 Super Slims brand in Russia and Ukraine.

## Geographies

JTI is striving to build on a well-balanced market portfolio to ensure sustainable profit growth. The acquisition of Gallaher has provided JTI with a number of additional markets with strong positions and profit generation strengthening its ability to grow earnings into the future.

The cluster of markets below provides an insight into JTI's business, but does not reflect its management structure.

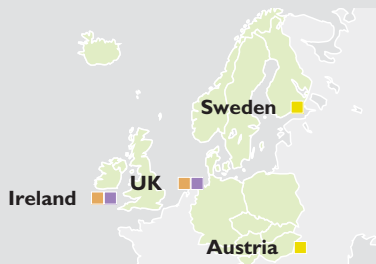


### Market clusters and their key markets constituents

■ Winston ■ Camel ■ Mild Seven ■ B&H ■ Silk Cut ■ LD ■ Sobranie ■ Glamour

#### North & Central Europe

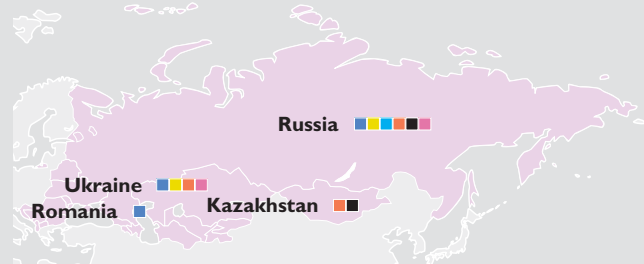
North & Central Europe consists predominantly of former Gallaher markets.



2007	Market share	Market position
UK	39%	No.2
Ireland	49%	No.1
Austria	37%	No.2
Sweden	34%	No.1

#### CIS+

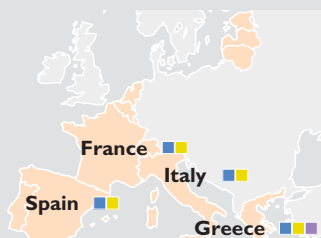
CIS+ is the key growth driver in volume and earnings.



2007	Market share	Market position
Russia	35%	No.1
Kazakhstan	42%	No.2
Ukraine	29%	No.2
Romania	29%	No.2

#### South & West Europe

In South & West Europe such as Spain, France, Italy and Greece JTI has grown volume and share despite declining market sizes.



2007	Market share	Market position
Spain	20%	No.3
France	14%	No.4
Italy	16%	No.3
Greece	14%	No.2

#### Rest of the world



2007	Market share	Market position
Taiwan	37%	No.1
Malaysia	18%	No.2
Turkey	15%	No.3
Canada	13%	No.3

Note: All share of market data has been obtained from external sources, excluding Canada (JTI estimate)

## Integration

### Integration Plan

New Executive Committee members announced on the date of acquisition  
 Integration Steering Committee managed in excess of 50 integration projects  
 Integration Plan developed in only 100 days

#### • Direction

- No business disruption
- One organization
- Internally managed integration
- Speed

#### • Synergy Target

- Confirmed synergies of at least US\$ 400 million, by 2010
- Annual cost saving synergies of over USD 300 million
- Annual top-line synergies of at least USD 100 million

## Major Integration Achievements to Date

All integration initiatives are moving ahead strongly without any major disruption to the existing business.

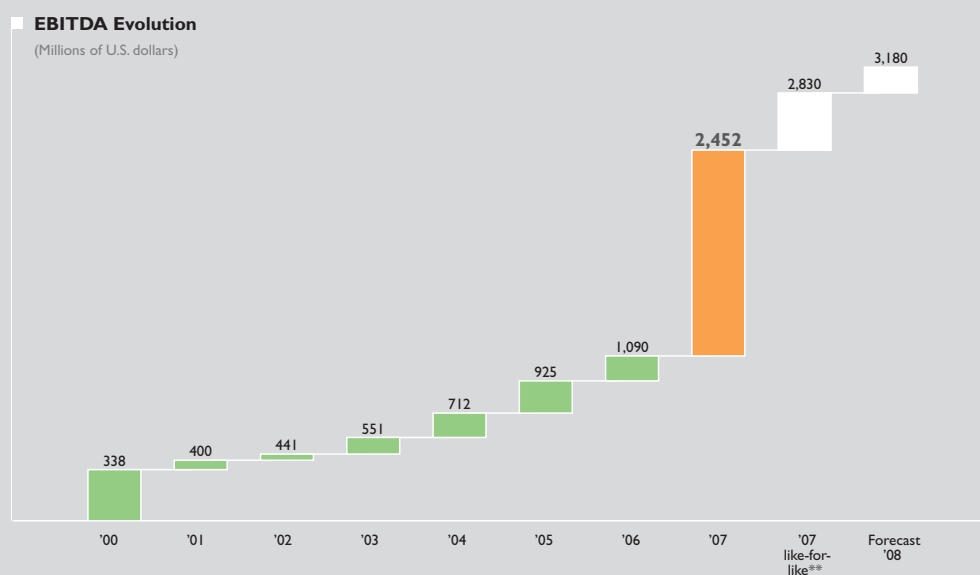
- One organization in place across the company
- Enhanced brand portfolio
- Distribution integration
- Factory consolidation
- Consistent business processes

## Future

Consistent Quality Top Line Growth Strategies

Striving to reach in excess of 10%\* EBITDA growth per year for the next 3 years

\* Growth based on 2.83 billion US dollar in 2007, on a Like-for-like basis.



\*\* Including hypothetical full year Gallaher contribution.