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**This document should be read as a whole.**

If you have sold or transferred all of your shares in British American Tobacco p.l.c. please pass this document, together with the accompanying documents, to the purchaser or transferee, or to the person who arranged the sale or transfer so that they can pass these documents to the person who now holds the shares.

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## **BRITISH AMERICAN TOBACCO**

**British American Tobacco p.l.c.**  
(incorporated and registered in England and Wales under number 3407696)

### **NOTICE OF ANNUAL GENERAL MEETING 2015**

**to be held at Milton Court Concert Hall,  
Silk Street, London EC2Y 9BH  
on Wednesday 29 April 2015 at 11.30am**

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The Notice of the Annual General Meeting is set out on pages 10 to 12.

A proxy form or voting instruction form (as appropriate) for use in connection with the Annual General Meeting is enclosed with this Notice.

Please refer to the Notification of Availability on page A-6.

The following documents are available to be viewed at or downloaded from the British American Tobacco website:

Annual Report 2014 [www.bat.com/annualreport](http://www.bat.com/annualreport)  
Performance Summary 2014 [www.bat.com/annualreport](http://www.bat.com/annualreport)  
Notice of Annual General Meeting 2015 [www.bat.com/AGM](http://www.bat.com/AGM)

## CONTENTS

Letter from the Chairman .....	1
Explanation of the AGM Resolutions .....	1
Notice of Meeting .....	10
Appendix 1: Voting .....	A-1
Appendix 2: Notification of Availability of the Annual Report 2014 .....	A-6
Appendix 3: Auditor's Statement of Circumstances .....	A-7
Appendix 4: Financial Reporting Standard 101 (FRS 101) Notification .....	A-8
Appendix 5: Additional Statutory and Regulatory Information .....	A-9
Appendix 6: Travel and Meeting Information .....	A-10
Appendix 7: Shareholder Information .....	A-11
Listings and Shareholder Services .....	A-11
Final Dividend 2014 .....	A-12
Financial Calendar 2015 .....	A-13



## LETTER FROM THE CHAIRMAN

Globe House  
4 Temple Place  
London  
WC2R 2PG

27 March 2015

Dear Shareholder

### **Annual General Meeting**

#### **Introduction**

The 2015 Annual General Meeting of British American Tobacco p.l.c. (the “Meeting” or the “AGM”) will be held at 11.30am on Wednesday 29 April at Milton Court Concert Hall, Silk Street, London EC2Y 9BH.

The Notice of Meeting is set out on pages 10 to 12 of this document.

If you would like to vote on the Resolutions but cannot come to the Meeting, you can appoint a proxy or proxies to exercise all or any of your rights to attend, vote and speak at the Meeting by using one of the methods set out in Appendix 1 of this document.

Voting at the Meeting will be conducted by way of a poll.

#### **Explanation of the AGM Resolutions**

The following paragraphs explain, in summary, the Resolutions to be proposed at the Meeting. Many of these will be familiar to you and are broadly similar in format and content to last year’s Resolutions. We also give comprehensive biographical details and related information about the Directors proposed for re-election and election.

#### **Resolution 1: Receipt of the 2014 Report and Accounts**

The Directors must present the Company’s annual report and accounts to the Meeting and shareholders may raise any questions on the reports and financial statements under this Resolution.

#### **Resolution 2: Directors’ remuneration report**

In accordance with the provisions of the Companies Act 2006 (the “2006 Act”), the Directors’ remuneration report (the “Remuneration Report”) in the Company’s annual report and accounts for the year ended 31 December 2014 (the “Annual Report 2014”) consists of:

- (1) the annual statement by Dr Gerry Murphy, Chairman of the Remuneration Committee; and
- (2) the Annual Report on Remuneration, which sets out the remuneration paid to the Company’s Directors during the year ended 31 December 2014.

Shareholders approved the Directors’ remuneration policy in relation to future payments to the Directors and former Directors at the Annual General Meeting held on 30 April 2014 (the “Approved Policy”). For ease of reference, a summary of the key elements of the Approved Policy is included in the Annual Report 2014 in the sections entitled ‘Future Policy Table (Executive Directors)’ and ‘Remuneration Table (Non-Executive Directors and the Chairman)’. This summary does not form part of the Remuneration Report for the purposes of Resolution 2.

In September 2014, the UK Corporate Governance Code (the “Governance Code”) was revised so as to provide that companies should put in place arrangements to enable them to recover or withhold variable pay when appropriate to do so (Provision D.1.1). To ensure compliance with this provision of the Governance Code, for the year ending 31 December 2015, the Company is introducing additional clawback elements to awards which may be made under both the short-term and long-term incentives. These changes are identified in the Future Policy Table (Executive Directors). The introduction of clawback is not deemed to be a change to the Approved Policy which would otherwise require approval by shareholders. There are therefore no proposed changes to the Approved Policy which require a shareholders’ vote for 2015.

The Approved Policy is set out in full in the Annual Report 2013. Please refer to Appendix 7 for details of how to obtain a copy of an Annual Report and other British American Tobacco publications. The full Approved Policy continues to be displayed in the investor relations area of bat.com.

Resolution 2 is an ordinary resolution to approve the Remuneration Report, other than the part containing the summary of the Approved Policy described above. Resolution 2 is an advisory resolution and does not affect the future remuneration paid to any Director.

### **Resolution 3: Declaration of the final dividend for 2014**

A final dividend can be paid only after it has been approved by the shareholders. A final dividend of 100.6p per ordinary share for the year ended 31 December 2014 is recommended by the Directors for payment to shareholders who were on the main register and/or the South Africa branch register as at the close of business on 20 March 2015.

If approved, the final dividend will be paid on 7 May 2015.

### **Resolution 4: Appointment of the Auditors**

The Company is required to appoint auditors at each general meeting at which accounts are presented.

On 2 March 2015, the Company announced that it had commenced a competitive tender process to appoint new external auditors for 2015 onwards. PricewaterhouseCoopers LLP (“PwC”) have been the Company’s auditors since the Company listed on the London Stock Exchange in September 1998. PwC, having completed the audit of the Company’s 2014 financial statements, have now resigned as the Company’s auditors.

This situation arose as a result of proposed litigation by a Group subsidiary against PwC. The potential claims against PwC, which have been assigned to the Group, arose from work carried out by PwC in relation to the audit of the accounts of a third party. These claims do not concern the audit of any BAT Group company.

On the recommendation of the Audit Committee following completion of the competitive tender process, the Board appointed KPMG LLP as the Company’s new auditors with effect from 23 March 2015, to fill the casual vacancy arising following PwC’s resignation. Accordingly, shareholder approval is now sought to confirm the appointment of KPMG LLP as auditors of the Company.

PwC has given a statement of circumstances in connection with their ceasing to hold office as auditors as is required by company law, and this is set out in Appendix 3.

### **Resolution 5: Authority for the Audit Committee to agree the Auditors’ remuneration**

This Resolution authorises the Audit Committee to approve the terms of engagement and the level of audit fees payable by the Company to the auditors and to set the remuneration of the auditors.

### **Resolutions 6 to 15: Re-election of Directors**

### **Resolutions 16 to 18: Election of Directors appointed since the last Annual General Meeting**

In accordance with Provision B.7.1 of the Governance Code, all directors of FTSE 350 companies should be subject to election or re-election by their shareholders every year.

The Company continues this practice for this year’s AGM.

The Company’s articles of association also provide that any Director who has been appointed by the Board since the last AGM is required to retire from the Board at the next AGM and, being eligible, may offer himself/herself for reappointment. Accordingly, Sue Farr, Pedro Malan and Dimitri Panayotopoulos, each of whom joined the Board as Non-Executive Directors on 2 February 2015, will retire at the Meeting and will seek election.

Separate Resolutions will be proposed for each of the re-elections and the elections.

#### **Resolution 6: Richard Burrows**

**Position:** Chairman since November 2009; Non-Executive Director since September 2009; and Chairman of the Nominations Committee.

**Nationality:** Irish

**Age:** 69

**Key Appointments:** Non-Executive Director and member of the Remuneration and Nominations Committees of Rentokil Initial plc; a Supervisory Board Member, member of the Audit Committee and Chairman of the Remuneration Committee at Carlsberg A/S.

**Skills & Experience:** Chief Executive of Irish Distillers; Co-Chief Executive of Pernod Ricard; Governor of the Bank of Ireland; Fellow of the Institute of Chartered Accountants of Ireland.

#### **Resolution 7: Karen de Segundo**

**Position:** Non-Executive Director since 2007; Chair of the Corporate Social Responsibility Committee and member of the Nominations Committee.

**Nationality:** Dutch

**Age:** 68

**Key Appointments:** Supervisory Board Member and member of the Finance & Investment and Nomination Committees at E.ON SE; and Member of the Board and member of the Audit Committee of Pöyry Oyj.

**Skills & Experience:** Former Non-Executive Director of Lonmin Plc until 29 January 2015. Senior executive roles before retiring as CEO Shell International Renewables and President Shell Hydrogen in 2005. Holds a Masters degree in Law from Leiden University, an MBA from Michigan State University and is a Council Member of the Anglo Netherlands Society.

#### **Resolution 8: Nicandro Durante**

**Position:** Chief Executive since 2011.

**Nationality:** Brazilian/Italian

**Age:** 58

**Key Appointments:** Non-Executive Director and member of the Nominations Committee and Remuneration Committee of Reckitt Benckiser Group plc.

**Skills & Experience:** Chief Operating Officer from 2008; Regional Director for Africa and Middle East and member of the Management Board from 2006; senior general management roles in Brazil (including President of Souza Cruz) and in the UK and Hong Kong; has wide experience in senior international finance and management roles within the Group. Holds a degree in finance, economics and business administration.

#### **Resolution 9: Ann Godbehere**

**Position:** Non-Executive Director since 2011; member of the Audit, Nominations and Remuneration Committees.

**Nationality:** Canadian/British

**Age:** 59

**Key Appointments:** Non-Executive Director, member of the Nominations Committee and Chair of the Audit Committee of Rio Tinto plc and Rio Tinto Limited; Non-Executive Director, member of the Audit Committee and Chair of the HR and Compensation Committee of UBS Group AG and UBS AG; Non-Executive Director, member of the Nominations and Risk Committees and Chair of the Audit Committee of Prudential plc.

**Skills & Experience:** Chief Financial Officer of Swiss Re Group; Chief Financial Officer of Northern Rock during the initial phase of its public ownership; Fellow of the Certified General Accountants of Canada and Fellow of the Chartered Professional Accountants.

#### **Resolution 10: Savio Kwan**

**Position:** Non-Executive Director since January 2014; member of the Corporate Social Responsibility and Nominations Committees.

**Nationality:** British

**Age:** 67

**Key Appointments:** Co-Founder and CEO of A&K Consulting Co Ltd, advising entrepreneurs and their start-up businesses in China; Visiting Professor at Henley Business School.

**Skills & Experience:** Extensive business leadership experience in Greater China and Asia, gained at General Electric, BTR plc, and Alibaba Group, China's largest internet business, where he was both Chief Operating Officer and, later, a Non-Executive Director. Holds an MSc from Loughborough University and an MBA from London Business School.

#### **Resolution 11: Christine Morin-Postel**

**Position:** Senior Independent Director since 2013; Non-Executive Director since 2007; member of the Audit, Nominations and Remuneration Committees.

**Nationality:** French

**Age:** 68

**Key Appointments:** Non-Executive Director and member of the Nominations and Remuneration Committee of Groupe Bruxelles Lambert S.A.

**Skills & Experience:** Chief Executive of Société Générale de Belgique; Executive Vice-President and member of the Executive Committee of Suez and Chairman and CEO of Crédisuez S.A.; studied political sciences and graduated from the Institut de Contrôle Gestion.

#### **Resolution 12: Dr Gerry Murphy**

**Position:** Non-Executive Director since 2009; Chairman of the Remuneration Committee and member of the Nominations Committee.

**Nationality:** Irish

**Age:** 59

**Key Appointments:** Member and Chairman of the Executive Committee of The Blackstone Group International Partners LLP; Non-Executive Director of Merlin Entertainments plc; Board member of Jack Wolfskin and Intertrust Group.

**Skills & Experience:** Chief Executive Officer of Kingfisher plc, Carlton Communications plc, Exel plc, Greencore Group plc; senior operating roles at Grand Metropolitan plc (now Diageo plc). Holds a BSc and PhD in food technology from University College Cork and a MBS in marketing from University College Dublin.

#### **Resolution 13: Kieran Poynter**

**Position:** Non-Executive Director since 2010; Chairman of the Audit Committee; and member of the Nominations and Remuneration Committees.

**Nationality:** British

**Age:** 64

**Key Appointments:** Non-Executive Director, member of the Audit and Compliance and Safety Committees of International Consolidated Airlines Group S.A.; Non-Executive Chairman and Chair of the Nomination, Audit and Compliance and Risk and Remuneration Committees of F&C Asset Management plc; and Non-Executive Chairman of Nomura International PLC.

**Skills & Experience:** Chartered Accountant; Chairman and Senior Partner of PricewaterhouseCoopers until 2008; served on the President's Committee of the Confederation of British Industry and as member of an advisory committee for the Chancellor of the Exchequer.

#### **Resolution 14: Ben Stevens**

**Position:** Finance Director since 2008.

**Nationality:** British

**Age:** 55

**Key Appointments:** No external appointments.

**Skills & Experience:** Senior Group finance and general management roles; Head of Merger Integration following the merger with Rothmans; Chairman and Managing Director of the Pakistan Tobacco Company and British American Tobacco Russia; appointed to the Management Board in 2001 as Development Director becoming Director, Europe in 2004. Holds a BA(Hons) in Economics from Manchester University and an MBA from Manchester Business School.

#### **Resolution 15: Richard Tubb**

**Position:** Non-Executive Director since 2013; member of the Corporate Social Responsibility and Nominations Committees.

**Nationality:** American

**Age:** 55

**Key Appointments:** White House Physician Emeritus; member of the Board of Reference for Project Rescue; Senior Managing Director, Shoreland, Inc; and advisory position at Lonsdale.

**Skills & Experience:** White House Physician from 1995 to 2009, including Physician to the President of the United States from 2002 until retirement in 2009; Clinical Assistant Professor at the Uniformed Services University (retired); Brigadier General (retired), US Air Force and various medical positions in the US Air Force. Awarded his Doctor of Medicine in 1985; Specialty Certification 1988.

### **Resolution 16: Sue Farr**

**Position:** Non-Executive Director since 2 February 2015; member of the Corporate Social Responsibility and Nominations Committees.

**Nationality:** British

**Age:** 59

**Key Appointments:** Director, Strategic and Business Development, Chime plc since 2003; Non-Executive Director, member of the Corporate Social Responsibility and Remuneration Committees of Dairy Crest Group; Non-Executive Director, member of the Nominations and Remuneration Committees of Millennium & Cophorne Hotels; and Non-Executive Director and member of the Audit, Nominations and Remuneration Committees of Accys Technologies.

**Skills & Experience:** Former Chairwoman of both the Marketing Society and the Marketing Group of Great Britain; considerable expertise in marketing, branding and consumer issues developed during her career including roles with the BBC and Vauxhall Motors.

### **Resolution 17: Pedro Malan**

**Position:** Non-Executive Director since 2 February 2015; member of the Corporate Social Responsibility and the Nominations Committees.

**Nationality:** Brazilian

**Age:** 72

**Key Appointments:** Chairman of the International Advisory Board of Itaú Unibanco; Member of Advisory Board of the utility company EDP — Energias do Brasil SA; Non-Executive Director of construction and industrial maintenance company Mills Estruturas e Servicos de Engenharia SA; Trustee of the Thomson Reuters Principles and member of the Temasek International Panel.

**Skills & Experience:** Former Chairman of the Board of the Unibanco bank. Previously non-executive Director, Companhia Souza Cruz SA and Minister of Finance for Brazil (from 1995 to 2002), President of the Central Bank of Brazil from 1993 to 1994, and Chief External Debt Negotiator for Brazil from mid-1991 to 1993.

### **Resolution 18: Dimitri Panayotopoulos**

**Position:** Non-Executive Director since 2 February 2015; member of the Nominations and Remuneration Committees.

**Nationality:** Greek/Tanzanian

**Age:** 63

**Key Appointments:** Senior Advisor, Boston Consulting Group since April 2014; Board member, Logitech.

**Skills & Experience:** Former Vice Chairman and Advisor to the Chairman and CEO of Procter & Gamble. Significant international sales and brand building expertise in Switzerland, Germany, Egypt and China. Led on significant breakthrough innovations and continued to focus on this, speed to market and scale across all of Procter & Gamble's businesses while Vice Chairman of all the Global Business Units. Retired from Procter and Gamble in January 2014.

The Directors consider that the three newly appointed Non-Executive Directors will bring a diversity of significant consumer marketing experience and business and geopolitical skills to the Board. The Board therefore recommends the elections of Sue Farr, Pedro Malan and Dimitri Panayotopoulos to shareholders.

### **Board evaluation**

Following the independent external review in 2013, the Board conducted an internal review of its effectiveness and that of its Committees, the Executive and Non-Executive Directors, and the Chairman in 2014. Further details of this process and its outcomes are set out in the Governance pages of the Company's Annual Report — [www.bat.com/annualreport](http://www.bat.com/annualreport).

With reference to the requirements of Provision B.2.3 of the Governance Code, Non-Executive Directors who serve for a total of more than six years are subject to a particularly rigorous review. This was done in 2015 in the case of Karen de Segundo, Christine Morin-Postel and Gerry Murphy, each of whom will have served in excess of six years at the date of the Meeting.

Further, it is confirmed that, in addition to the breadth of expertise and experience coupled with the appropriate balance of skills, independence and knowledge of the Company as illustrated by the Directors' biographical notes above, the performance of all of the Directors (the Chairman, the Executive Directors and the Non-Executive Directors) being proposed for re-election or election continues to be effective in the discharge of their duties and responsibilities. In addition, they continue to demonstrate commitment to their roles including commitment of the necessary time for Board and Committee meetings and other duties. Therefore the Board recommends to shareholders the proposed re-election or election of the Directors set out in Resolutions 6 to 18.



## Board balance and diversity

The Board appreciates the benefit of diversity, in all its forms, within its own membership and at all levels of the Group. The Non-Executive Directors come from a broad range of industry and professional backgrounds, with varied experience and expertise aligned to the needs of the business. The recent appointments Sue Farr, Pedro Malan and Dimitri Panayotopoulos confirms the Board's continuing programme to ensure that its membership is progressively refreshed. Its success in this area is illustrated in the table below showing the date of appointment and length of service (as at the date of the Meeting) of each of the current Non-Executive Directors:

<u>Non-Executive Director</u>	<u>Date of Appointment</u>	<u>Length of service at 2015 AGM (Years/Months)</u>
Karen de Segundo	1 October 2007	7.7
Sue Farr	2 February 2015	0.2
Ann Godbehere	3 October 2011	3.7
Savio Kwan	6 January 2014	1.3
Pedro Malan	2 February 2015	0.2
Christine Morin-Postel	1 October 2007	7.7
Gerry Murphy	13 March 2009	6.1
Dimitri Panayotopoulos	2 February 2015	0.2
Kieran Poynter	1 July 2010	4.10
Richard Tubb	28 January 2013	2.3

At present, women constitute over 30% of the Board. The Board promotes diversity and is encouraging initiatives to improve gender diversity in senior management roles. Further details of the British American Tobacco Group's diversity policy are set out in the Strategic Report section of the Company's Annual Report — [www.bat.com/annualreport](http://www.bat.com/annualreport).

### **Resolution 19: Renewal of the Directors' authority to allot shares**

### **Resolution 20: Renewal of the Directors' authority to disapply pre-emption rights**

The Board currently has in place the following authorities, each granted by shareholders for a one year period (until the next following Annual General Meeting) at the Annual General Meeting held on 30 April 2014:

- (a) authority under section 551 of the 2006 Act to allot relevant securities up to the amount representing two-thirds of the Company's then issued ordinary share capital (excluding treasury shares), of which approximately one-third can only be allotted pursuant to a rights issue (the "Allotment Authority"); and
- (b) authority under section 570 of the 2006 Act to allot shares for cash in certain circumstances otherwise than pro rata to all shareholders (the "Pre-emption Authority").

Both the Allotment Authority and the Pre-emption Authority are due to expire at the conclusion of this year's Meeting and, in keeping with best practice, shareholders will continue to have the opportunity to vote on the renewal of these authorities each year so that the authorities may be up-to-date and continue to be of equal duration, giving the Company certainty and flexibility in its financing arrangements.

The Investment Association ("IA") has in place certain share capital management guidelines (the "IA Guidelines") which state that IA members will permit, and treat as routine, resolutions seeking authority to allot shares representing up to one-third of a company's issued share capital. In addition they will treat as routine a request for authority to allot shares representing an additional one-third of a company's issued share capital provided that it is only used to allot shares pursuant to a fully pre-emptive rights issue.

Having regard to these guidelines, the Board considers it appropriate that Directors be granted authority to allot shares in the capital of the Company up to a maximum nominal amount of £310,688,503 representing the guideline limit of approximately two-thirds of the Company's issued ordinary share capital (excluding treasury shares) as at 20 March 2015 (the latest practicable date prior to publication of this letter). Of this amount £155,344,251 representing approximately one-third of the Company's issued ordinary share capital (excluding treasury shares), can only be allotted pursuant to a rights issue.

Although the Directors have no present intention of exercising this authority, it provides them with an appropriate level of authority for on-going purposes and the Directors consider it appropriate to maintain the flexibility that this authority provides. The authority proposed in Resolution 19 will expire at the conclusion of the 2016 Annual General Meeting, or if earlier, 29 July 2016, unless previously revoked, varied or extended by the Company in general meeting. The Company held 162,645,590 ordinary shares in treasury, representing 8.02% of the issued ordinary share capital of the Company as at the close of business on 20 March 2015 (the latest practicable date prior to publication of this letter).



Resolution 20 is a special resolution and will give the Directors authority to allot shares in the capital of the Company for cash pursuant to the authority granted under Resolution 19 above or by way of sale of treasury shares without complying with the pre-emption rights in the 2006 Act in certain circumstances. This authority will permit the Directors to allot:

- (a) shares up to a nominal amount of £310,688,503 representing two-thirds of the Company's issued share capital, on an offer to existing shareholders on a pre-emptive basis. However, unless the shares are allotted pursuant to a rights issue (rather than an open offer), the Directors may only allot shares up to a nominal amount of £155,344,251 representing one-third of the Company's issued share capital (in each case subject to any adjustments, such as for fractional entitlements and overseas shareholders, as the Directors see fit); and
- (b) shares up to a maximum nominal value of £23,301,637 representing approximately 5% of the issued ordinary share capital of the Company (excluding treasury shares) as at 20 March 2015 (the latest practicable date prior to publication of this letter), otherwise than in connection with an offer to existing shareholders.

The Directors have no present intention of exercising this authority. The Directors confirm their intention to follow the provisions of the Pre-Emption Group's Statement of Principles (the "Principles") regarding cumulative usage of authorities within a rolling three year period. The Principles provide that companies should not issue shares for cash representing more than 7.5% of a company's issued share capital (excluding treasury shares) in any rolling three year period, other than to existing shareholders and without prior consultation with shareholders.

Further, the Directors acknowledge the publication of the Pre-Emption Group's revised Statement of Principles on 12 March 2015 (the "Revised Principles"). The Principles provided that a company could seek authority to issue non-pre-emptively for cash up to 5% of its issued ordinary share capital. Under the Revised Principles a company may, in addition, seek authority to issue non-pre-emptively for cash up to an additional 5% of its issued ordinary share capital in any one year in connection with an acquisition or specified investment which is announced at the same time as the non-pre-emptive issue or during the six months before. Before the 2016 AGM, the Directors will consider the option of extending the current proposed level of authority to take advantage of this greater freedom to take authority for non-pre-emptive issues of equity securities for cash in such circumstances as outlined above.

The authority contained in Resolution 20 will expire upon the expiry of the general authority conferred by Resolution 19, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

#### **Resolution 21: Authority for the Company to purchase its own shares**

Under the 2006 Act the Company requires authorisation from a general meeting if it is to purchase its own shares. The Board reinstated its on-market share buy-back programme on 28 February 2014 following the Company's Preliminary Announcement on 27 February 2014. The programme was conducted under the authority granted by shareholders at the 2013 Annual General Meeting. The programme then continued under the authority granted to the Company at the Annual General Meeting on 30 April 2014 to purchase up to 188,400,000 of its ordinary shares.

During the year ended 31 December 2014, the Company made on-market repurchases totalling 23,129,245 of its own ordinary shares, representing 1.24% of the issued share capital (excluding treasury shares) as at 31 December 2014 and at a value of £795.2 million, excluding transaction costs. These share repurchases were made on the basis of effectively managing the Company's capital base thereby generating an increase in the Company's earnings per share and being in the interest of its shareholders generally.

The share buy-back programme was suspended with effect from 30 July 2014 following the Company's announcement on 15 July 2014 that the Group planned to invest US\$4.7 billion as part of the proposed acquisition of Lorillard by Reynolds American Inc.

This present authority for the Company to purchase its own shares will expire at the 2015 Annual General Meeting.

The Directors are seeking a fresh authority for the Company to purchase its ordinary shares in order that the appropriate mechanisms are in place to enable the share buy-back programme to be reinstated at any time when, in the opinion of the Directors, the exercise of the authority would result in an increase in the Company's earnings per share and would be in the interest of its shareholders generally.

Resolution 21 seeks to renew the authority given at the Annual General Meeting on 30 April 2014. This special resolution authorises the Company to purchase up to a maximum of 186.4 million ordinary shares, representing approximately 10% of its issued ordinary share capital (excluding treasury shares) as at the close of business on 20 March 2015 (the latest practicable date prior to the publication of this letter), subject to the limitations in paragraphs (b) and (c) of the Resolution on the maximum and minimum prices that may be paid. The authority given by this Resolution will expire at the conclusion of the Annual General Meeting in 2016 unless renewed, varied or revoked at that or any earlier general meeting of shareholders.

The Company will have the option either of holding in treasury or cancelling any shares purchased under this authority. It is the Company's practice to place all repurchased shares in treasury and this policy is expected to continue for any shares purchased under this authority. Treasury shares can be sold quickly and cost effectively, for cash, giving the Company additional flexibility in the management of its funding requirements.

Whilst in treasury no dividends are paid on the shares and they have no voting rights. There is no statutory limit on the percentage of share capital that the Company is permitted to hold as treasury shares. However, in keeping with the IA Guidelines, the Company will continue to limit the number of shares that it holds as treasury shares to no more than 10% of its issued share capital.

In the absence of the necessary practical arrangements, this Resolution has not been extended so as to enable the Company to purchase its own shares on the Johannesburg Stock Exchange (JSE Limited) in South Africa.

As at 20 March 2015 (the latest practicable date prior to publication of this letter), there were no outstanding warrants for equity shares in the Company and the total number of option rights to subscribe for equity shares was 809,513. These rights are equivalent to 0.043% of the issued share capital (excluding treasury shares) as at that date and would represent 0.096% of the issued share capital of the Company (excluding treasury shares) if the full authority to purchase its own shares in accordance with this Resolution and the existing authority to purchase taken at last year's Annual General Meeting (which expires at the end of this year's Annual General Meeting) were to be exercised by the Company.

#### **Resolution 22: Authority to make donations to political organisations and to incur political expenditure**

The Company and its subsidiaries are prohibited by the 2006 Act from making donations to any EU political party or other EU political organisation or to any independent election candidate in the EU of more than £5,000 in total in any period of twelve months, and from incurring EU political expenditure, unless they have been authorised to do so in advance by the Company's shareholders.

At its Annual General Meeting in April 2014, the Company and its subsidiaries were granted authority to make donations to EU political organisations and to incur political expenditure. This authority was granted for a period of one year and was subject to caps of £100,000 on donations to EU political organisations and of £100,000 on political expenditure during that period. The authority will expire on 30 April 2015.

What constitutes a political donation, a political party, a political organisation, or political expenditure is not always clear, as the legislation is capable of wide interpretation. Sponsorship, subscriptions, payment of expenses, paid leave for employees fulfilling public duties, and support for bodies representing the business community in policy review or reform, may potentially fall within this wide definition.

In 2014 the Company reported political contributions totalling Japanese Yen 560,000, (about £3,214). This expenditure was incurred by a subsidiary company, British American Tobacco Japan Limited, and related specifically to payments for tickets to receptions hosted by MPs. Representatives from British American Tobacco Japan Limited engaged with these MPs at the receptions on local tax issues.

Therefore, notwithstanding that the Company has no current intention of making any donation to, or incurring any political expenditure in respect of, any EU political party or independent electoral candidate in the EU, the Board has decided to put forward Resolution 22 to seek shareholders' authority to make political contributions and to incur political expenditure within the EU. This will allow the Company to continue to support the community and put forward its views to wider business and government bodies without running the risk of being in breach of the law.

In keeping with best practice, this proposed authority from shareholders will be for the duration of one year at a level of £100,000. As such, this authority will cover the period from the date this Resolution 22 is passed until the end of the next AGM of the Company or, if earlier, on 29 April 2016. Further, as permitted under the 2006 Act, Resolution 22 also covers any political donations made, or political expenditure incurred, by any subsidiaries of the Company.

### **Resolution 23: Notice period for General Meetings**

Resolution 23 is a special resolution to allow the Company to hold general meetings, other than Annual General Meetings (“AGMs”), on 14 days’ notice.

The Company’s articles of association include a provision which allows general meetings of the Company to be called on the minimum notice period provided for in the 2006 Act. Under the 2006 Act, the minimum notice period for general meetings of listed companies is 21 days, however it is possible to reduce this period to 14 days (other than for AGMs) provided that two conditions are met. The first condition is that a company offers facilities for shareholders to submit proxy appointments by electronic means. The second condition is that there is an annual resolution of shareholders approving the reduction in the minimum notice period from 21 days to 14 days.

Following shareholder approval at the 2014 Annual General Meeting, the Company is currently able to call general meetings (other than AGMs) on 14 clear days’ notice and would like to preserve this ability by seeking a renewal of this authority at the Meeting.

The Board is therefore proposing Resolution 23 as a special resolution to approve 14 days as the minimum period of notice for all general meetings of the Company other than AGMs. The approval will be effective until the Company’s next AGM, when it is intended that the approval be renewed. The shorter notice period would not be used as a matter of routine. Rather the Board will consider on a case by case basis whether the use of the flexibility offered by the shorter notice period is merited, taking into account the circumstances, including whether the business of the meeting is time sensitive, and is thought to be to the advantage of shareholders as a whole. Further, the shorter notice period would not be used unless both of the conditions as stated above are met.

### **Directors’ recommendations**

The Board considers that the Resolutions will promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The Directors unanimously recommend shareholders to vote in favour of Resolutions 1 to 23 as they intend to do in respect of their own beneficial shareholdings.

### **Voting documentation**

Please refer to Appendix 1 for guidance notes on the completion and return of the proxy form and other applicable voting documentation.

Yours sincerely

**Richard Burrows**  
Chairman



**NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING** of British American Tobacco p.l.c. will be held at 11.30am on Wednesday 29 April 2015 at Milton Court Concert Hall, Silk Street, London EC2Y 9BH to consider and, if thought fit, to pass Resolutions 1 to 19 and 22 as ordinary resolutions and Resolutions 20, 21 and 23 as special resolutions:

**Report and Accounts**

1. To receive the accounts and the reports of the Directors and Auditors for the year ended 31 December 2014.

**Remuneration Report**

2. To approve the Directors' remuneration report in the form set out in the Company's annual report and accounts for the year ended 31 December 2014.

**Dividend**

3. To declare a final dividend of 100.6p per ordinary share in respect of the year ended 31 December 2014, payable on 7 May 2015 to shareholders on the register at the close of business on 20 March 2015.

**Auditors**

4. To appoint KPMG LLP as the Company's auditors until the conclusion of the next Annual General Meeting of the Company.

**Auditors' remuneration**

5. To authorise the Audit Committee to agree the auditors' remuneration.

**Re-election of Directors**

To re-elect the following as Directors:

6. Richard Burrows
7. Karen de Segundo
8. Nicandro Durante
9. Ann Godbehere
10. Savio Kwan
11. Christine Morin-Postel
12. Gerry Murphy
13. Kieran Poynter
14. Ben Stevens
15. Richard Tubb

**Directors appointed since the last Annual General Meeting**

To elect the following as Directors:

16. Sue Farr
17. Pedro Malan
18. Dimitri Panayotopoulos

### **Authority to allot shares**

19. That the Directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company (“Rights”):
- (a) up to an aggregate nominal amount of £155,344,251; and
  - (b) up to a further aggregate nominal amount of £155,344,251 provided that: (i) they are equity securities (within the meaning of section 560(1) of the Companies Act 2006); and (ii) they are offered by way of a rights issue to holders (“shareholders”) of ordinary shares of 25p each in the capital of the Company (“ordinary shares”) on the register of members at such record dates as the Directors may determine where the equity securities respectively attributable to the interests of the shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held or deemed to be held by them on any such record dates, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter,

provided that this authority shall expire on the date of the next Annual General Meeting of the Company after the passing of this Resolution or, if earlier, on 29 July 2016 save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors shall be entitled to allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired; and all unexercised authorities previously granted to the Directors to allot shares and grant Rights be and are hereby revoked.

### **Authority to disapply pre-emption rights**

20. That the Directors be and they are hereby empowered pursuant to sections 570 and 573 of the Companies Act 2006 to allot equity securities (within the meaning of section 560 of that Act) for cash either pursuant to the authority conferred by Resolution 19 above or by way of a sale of treasury shares as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:
- (a) the allotment of equity securities in connection with an offer of securities (but in the case of the authority granted under paragraph (b) of Resolution 19 by way of rights issue only) in favour of the holders (“shareholders”) of ordinary shares of 25p each in the capital of the Company (“ordinary shares”) on the register of members at such record dates as the Directors may determine where the equity securities respectively attributable to the interests of the shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held or deemed to be held by them on any such record dates, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter; and
  - (b) the allotment (otherwise than pursuant to paragraph (a) of this Resolution 20) to any person or persons of equity securities up to an aggregate nominal amount of £23,301,637,

and shall expire upon the expiry of the general authority conferred by Resolution 19 above, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

### **Authority to purchase own shares**

21. That the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693(4) of that Act) of ordinary shares of 25p each in the capital of the Company (“ordinary shares”) provided that:
- (a) the maximum number of ordinary shares that may be purchased is 186.4 million representing approximately 10% of the issued ordinary share capital of the Company as at 20 March 2015;
  - (b) the minimum price that may be paid for an ordinary share is 25p;

- (c) the maximum price that may be paid for an ordinary share is an amount equal to 105% of the average of the middle-market prices shown in the quotation for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased;
- (d) this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution unless previously renewed, varied or revoked by the Company in general meeting; and
- (e) the Company may enter into a contract to purchase its ordinary shares under this authority prior to its expiry, which contract will or may be executed wholly or partly after such expiry, and may purchase its ordinary shares in pursuance of any such contract.

#### **Authority to make donations to political organisations and to incur political expenditure**

22. That in accordance with sections 366 and 367 of the Companies Act 2006, the Company and all companies which are subsidiaries of the Company during the period when this Resolution 22 has effect, be generally and unconditionally authorised to:

- (a) make political donations to political parties or independent election candidates not exceeding £100,000 in total;
- (b) make political donations to political organisations other than political parties not exceeding £100,000 in total; and
- (c) incur political expenditure not exceeding £100,000 in total,

(as such terms are defined in the Companies Act 2006) during the period beginning with the date of the passing of this Resolution and ending at the conclusion of the Annual General Meeting to be held in 2016 or, if earlier, on 29 April 2016, provided that the authorised sum referred to in paragraphs (a), (b) and (c) above, may be comprised of one or more amounts in different currencies which, for the purposes of calculating the said sum, shall be converted into pounds sterling at the exchange rate published in the London edition of the Financial Times on the date on which the relevant donation is made or expenditure incurred (or the first business day thereafter) or, if earlier, the day on which the Company enters into any contract or undertaking in relation to the same and provided that, in any event, the aggregate amount of political donations and political expenditure made or incurred by the Company and its subsidiaries pursuant to this Resolution shall not exceed £100,000.

#### **Notice period for General Meetings**

23. That a general meeting, other than an annual general meeting, may be called on not less than 14 clear days' notice.

By Order of the Board

**Nicola Snook**

Secretary

27 March 2015

Registered Office:

Globe House

4 Temple Place

London

WC2R 2PG

Registered in England and Wales No. 3407696

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Notes:

1. A shareholder is entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend and to speak and vote at the Meeting in his/her place. A proxy need not be a shareholder of the Company.
2. Please refer to Appendix 1 for further information about voting at the Annual General Meeting (including the submission of proxy forms and voting instructions) and for certain other additional information relating to the Meeting.



## APPENDIX 1: VOTING

### Shareholders entitled to attend the Annual General Meeting

1. Only shareholders, their attorneys, proxies and authorised representatives of corporations which are shareholders are entitled to attend, speak and vote at the Meeting.

### Voting: in person (or by attorney)

2. Shareholders, or their attorneys, who plan to attend the Meeting are requested, if possible, to arrive at the venue at least 30 minutes prior to the time designated for the Meeting so that their holding may be checked against the Company's share register and attendances recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the Meeting.

### Voting: by corporate representatives

3. A corporate shareholder may authorise a person or persons to act as its representative(s) at the Annual General Meeting. In accordance with the provisions of the 2006 Act, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder in the Company, provided that they do not do so in relation to the same shares.

### Voting: (1) proxy form; and (2) proxy form — South Africa

4. The guidance notes in this section are applicable to both: (1) shareholders with a proxy form; and (2) those certificated shareholders on the South Africa branch register with a proxy form — South Africa ("PFSA"). The particular procedures applicable to a proxy form and a PFSA are set out in the following paragraphs.
5. **A shareholder entitled to attend and vote is entitled to appoint one or more proxies to exercise all or any of his rights to attend, speak and vote at the Meeting. A shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. If multiple proxies are to be appointed then a separate proxy form or PFSA must be completed for each proxy appointment. If you intend appointing additional proxies, please contact Computershare Investor Services PLC (on 0800 408 0094 or +44 870 889 3159) or Computershare Investor Services Proprietary Ltd (on 0861 100 950 or by fax on +27 11 688 5238) to obtain (an) additional form(s). Alternatively, you may photocopy the enclosed proxy form or PFSA.**
6. The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, then the proxy is deemed to be authorised for the whole of the shareholder's holding (or in the case of a shareholder with designated accounts, the whole of the holding in the designated account).
7. A proxy need not be a shareholder of the Company but must attend the Meeting to represent you. Your proxy can be either an individual (such as the Chairman or another Director of the Company or another person who has agreed to represent you) or a body corporate. Your proxy will vote as you instruct and must attend the Meeting for your vote to be counted.  
  
Appointing a proxy does not preclude you from attending the Meeting and voting in person.
8. If a proxy is not directed how to vote on an item of business the proxy may vote, or abstain from voting, as they think fit. A proxy shall have authority to demand or join in demanding a poll at the Meeting.
9. Should any resolution, other than those specified in this Notice of Meeting, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.
10. If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
11. Shareholders who return their proxy forms or PFSA's with a direction on how to vote, but do not nominate the identity of their proxy, will be taken to have appointed the Chairman of the Meeting as their proxy to vote on their behalf. Proxy appointments in favour of the Chairman of the Meeting, the Secretary or any Director that do not contain a direction on how to vote will be used where possible to support each of the Resolutions proposed in this Notice of Meeting.

12. Completed proxy forms or PFSA's should be sent to the Company's share registrars using the pre-addressed envelope provided with this Notice of Meeting.
13. To be effective, proxy forms must be lodged by 11.30am (UK local time) on Monday 27 April 2015 for shareholders registered on the main register of members in the United Kingdom. Proxy forms lodged after this time will be invalid.
14. To be effective, PFSA's must be lodged by the close of business (South Africa local time) on Wednesday 22 April 2015 for certificated shareholders registered on the branch register in South Africa. PFSA's lodged after this time will be invalid.
15. Proxy forms may be lodged using one of the following methods:
  - (1) by returning a completed proxy form by post to:

The Registrar for British American Tobacco p.l.c.  
Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol BS99 6ZZ  
United Kingdom

or
  - (2) by recording the proxy appointment electronically via the internet at [www.eproxyappointment.com](http://www.eproxyappointment.com) or by scanning the QR code at the top of the proxy form with your Smartphone. Full details of the procedure are given on that website and your Control Number, Shareholder Reference Number (SRN) and PIN can be found on your proxy form or email notification. Electronic proxy appointments must be received by Computershare Investor Services PLC no later than 11.30am (UK local time) on Monday 27 April 2015.
16. PFSA's may be lodged by using one of the following methods:
  - (1) by returning a completed PFSA by post to:

The Registrar for British American Tobacco p.l.c.  
Computershare Investor Services Proprietary Ltd  
70 Marshall Street  
Johannesburg 2001  
(PO Box 61051, Marshalltown 2107)  
South Africa

or
  - (2) by recording the proxy appointment electronically via the internet at [www.eproxyappointment.com](http://www.eproxyappointment.com). Full details of the procedure are given on that website and your Control Number, Shareholder Reference Number (SRN) and PIN can be found on your PFSA or email notification. Electronic proxy appointments must be received by close of business (South Africa local time) on Wednesday 22 April 2015.

A completed PFSA may also be lodged by:

  - (1) a faxed copy to Computershare Investor Services Proprietary Ltd on +27 11 688 5238; or
  - (2) a scanned copy by email to Computershare Investor Services Proprietary Ltd at [proxy@computershare.co.za](mailto:proxy@computershare.co.za).
17. The proxy form or PFSA must be signed by the shareholder or the shareholder's attorney. A proxy form or PFSA must be completed by, or on behalf of, the shareholder making the appointment. A corporation may execute a proxy form or PFSA either under its common seal or under the hand of a duly authorised officer(s). Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by Computershare Investor Services PLC or Computershare Investor Services Proprietary Ltd (as appropriate) by the deadlines stated in paragraphs 13 and 14 respectively.
18. In the case of joint holders, any one holder may sign the proxy form or PFSA. The vote of the senior holder who tenders a vote will be counted to the exclusion of the votes of the other joint holders. For this purpose seniority is determined by the order in which the names appear on the register of shareholders.
19. Shareholders who return a proxy form or PFSA or register the appointment of a proxy electronically will still be able to attend the Meeting and vote in person if they so wish. If you attend the Meeting in person and vote, then your proxy appointment will automatically be terminated.

20. A copy of this Notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under section 146 of the 2006 Act (“nominated persons”). The right to appoint a proxy does not apply to nominated persons. However, nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy.

Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of the voting rights. Nominated persons should also remember that their main point of contact in terms of their investment in the Company remains the shareholder who nominated the nominated person to enjoy information rights (or, perhaps, the custodian or broker who administers the investment on their behalf). Nominated persons should continue to contact that shareholder, custodian or broker (and not the Company) regarding any changes or queries relating to the nominated person’s personal details and interest in the Company (including any administrative matter). The only exception to this is where the Company expressly requests a response from a nominated person.

#### **Voting: the CREST electronic proxy appointment service**

21. (a) Shareholders who are CREST members with shares held in uncertificated form who wish to appoint a proxy or proxies are encouraged to use the CREST electronic proxy appointment service by using the procedures described in the CREST Manual on the Euroclear website ([www.euroclear.com/CREST](http://www.euroclear.com/CREST)). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (b) In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer’s agent (ID 3RA50) by the latest time for receipt of proxy appointments specified in paragraph 13 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
- (c) CREST members and, where applicable, their CREST sponsors or voting service provider(s), should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In connection with this, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
- (d) The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

#### **Voting: voting instruction form for owners of shares dematerialised into Strate**

22. **Beneficial owners of ordinary shares on the South Africa branch register which are dematerialised through Strate (other than those referred to in paragraph 23 below) should promptly provide their Central Securities Depository Participant (“CSDP”) or broker with their voting instructions under the terms of the custody agreement entered into between the beneficial owner and CSDP or broker. The enclosed voting instruction form may be used for this purpose.**

23. Beneficial owners who appointed Computershare Limited as their CSDP, with the instruction that their ordinary shares are to be registered in the electronic sub-register of members in their own names, must complete the voting instruction form and return it no later than the close of business (South Africa local time) on Wednesday 22 April 2015 to:

The Registrar for British American Tobacco p.l.c.  
Computershare Investor Services Proprietary Ltd  
70 Marshall Street  
Johannesburg 2001  
(PO Box 61051, Marshalltown 2107)  
South Africa

A completed voting instruction form may also be faxed to Computershare Investor Services Proprietary Ltd on +27 11 688 5238. A voting instruction form lodged after the close of business (South Africa local time) on Wednesday 22 April 2015 will be deemed to be invalid. The voting instruction form must be signed by the shareholder or the shareholder's attorney. The voting instruction form must be completed by, or on behalf of, the shareholder giving the instructions. A corporation may execute the voting instruction form either under its common seal or under the hand of a duly authorised officer(s). Where the voting instruction is signed by an attorney, a certified copy of the power of attorney, or the power itself, must be received by Computershare Investor Services Proprietary Ltd at the address above or by facsimile to +27 11 688 5238 by the close of business (South Africa local time) on Wednesday 22 April 2015. If facsimile transmission is used the power of attorney must be certified.

Holders of dematerialised ordinary shares who appointed Computershare Limited as their CSDP with the instruction that their ordinary shares are to be registered in the electronic sub-register of members in their own name and who wish to register an electronic appointment of proxy, may do so at [www.eproxyappointment.com](http://www.eproxyappointment.com). Full details of the procedure are given on that website and your Control Number, Shareholder Reference Number (SRN) and PIN can be found on your Voting Instruction Form. Electronic proxy appointments must be received by the close of business (South Africa local time) on Wednesday 22 April 2015.

24. Beneficial owners of ordinary shares which are dematerialised through Strate (including those who have 'own name' registration) wishing to attend the Meeting in person should promptly contact their CSDP or broker to obtain a letter of representation to enable them to do so.
25. Voting instructions and requests for letters of representation must be submitted by the relevant CSDP or broker no later than the close of business (South Africa local time) on Wednesday 22 April 2015 so that they may be collated and verified by Strate prior to the Meeting. Beneficial owners should therefore submit their voting instruction form or request for a letter of representation to their CSDP or broker within the time period required by the CSDP or broker or as stipulated in the agreement between the beneficial owner and the CSDP or broker.

#### **Employee Share Ownership Plan — form of direction**

26. Participants in the Company's Employee Share Ownership Plan (the "Plan") may direct the trustee of the Plan (the "Trustee") to vote on their behalf by registering their vote electronically (see paragraph 15(2) above) with the Trustee no later than 11.30am on Thursday 23 April 2015. Alternatively, participants may contact the Trustee by telephone on 0800 408 0094 or +44 870 889 3159 to request a paper copy form of direction to be completed and returned, as directed, to the Trustee no later than 11.30am on Thursday 23 April 2015.

#### **Vested Share Account**

27. Individuals who are or were employed by a company in the British American Tobacco Group and who have deposited ordinary shares in the Company with Computershare Company Nominees Limited (the "Nominee") in connection with the Vested Share Account may exercise their voting rights in respect of those shares by registering their vote electronically (see paragraph 15(2) above) with the Nominee no later than 11.30am on Thursday 23 April 2015. Alternatively, such individuals may contact the Nominee by telephone on 0800 408 0094 or +44 870 889 3159 to request a paper copy voting form to be completed and returned, as directed, to the Nominee no later than 11.30am on Thursday 23 April 2015.

### **Shareholders who are entitled to vote**

28. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 the Company gives notice that the time by which a person must be entered on the register of members (the main register/the South Africa branch register) in order to attend or vote at the Meeting or adjourned Meeting (and for calculating the number of votes such a person may cast) is 6.00pm (UK local time), in the case of the main register, and, in the case of the South Africa branch register, the close of business (South Africa local time) on the date which is two days prior to the Meeting or adjourned Meeting. Changes to entries on the register of securities after the relevant time will be disregarded in determining the rights of any person to attend or vote (and the number of votes they may cast) at the Meeting or adjourned Meeting.

### **Conduct of the Meeting**

29. The quorum for the Meeting will be two persons entitled to vote upon the business to be transacted, each being a shareholder, or a proxy for a shareholder, or a duly authorised representative of a corporation which is a shareholder.
30. The Company must cause to be answered at the Meeting any question relating to the business being dealt with at the Meeting which is put by a member attending the Meeting, except (i) if to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information, (ii) if the answer has already been given on a website in the form of an answer to a question, or (iii) if it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

### **Notice of Meeting**

31. If you have sold or transferred all of your shares, this Notice of Meeting should be passed on to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.
32. A copy of this Notice and the other information required by section 311A of the 2006 Act can be found on the Company's website ([www.bat.com](http://www.bat.com)).
33. You may not use any electronic address provided in this Notice of Meeting to communicate with the Company for any purposes other than those expressly stated.

## **APPENDIX 2: NOTIFICATION OF AVAILABILITY OF THE ANNUAL REPORT 2014**

### **Notification of Availability of the Annual Report 2014**

If you are a shareholder who has not responded previously to the Company's letters regarding shareholder communications, you are deemed to have agreed that you will view Company shareholder information and documents online.

The purpose of this notification is to inform you that the Company's Annual Report 2014 is now available online at [www.bat.com/annualreport](http://www.bat.com/annualreport) together with copies of this document which contains the Notice of the Annual General Meeting 2015 and its appendices which include the Auditor's Statement of Circumstances as Appendix 3 ([www.bat.com/AGM](http://www.bat.com/AGM)) as well as a Performance Summary 2014. The Company's Annual Report 2014, the Notice of the Annual General Meeting 2015 and the Performance Summary 2014 will be available on the website for the foreseeable future and in accordance with statutory requirements (together the "Documents").

Please note that this notification is not a full summary of the Documents and should not be regarded as a substitute for reading them. If you go online, there are no particular software requirements to view any of these Documents, other than those which are described and located on the Company's website.

### **Electronic Communications**

British American Tobacco continues to recognise the benefits of electronic communications with shareholders. We take this opportunity to encourage you further to play your part in reducing the environmental impact of the Company mailing significant quantities of printed materials to shareholders by electing to be notified by email when your shareholder communications are available to access directly online.

By making the choice to 'go green' you will also reduce your exposure to the variances of the postal service by receiving your shareholder information in a more timely, secure and cost effective manner.

**Shareholders on the UK main register:  
submit your email address by visiting the Computershare website  
[www.investorcentre.co.uk/ecomms](http://www.investorcentre.co.uk/ecomms)**

**Shareholders on the South Africa branch register:  
submit your email address to [ecomms@computershare.co.za](mailto:ecomms@computershare.co.za)**

By providing your email address you will no longer receive paper copies of Annual Reports or any other shareholder communications that are available electronically. Instead, you will receive an email advising you when and how to access documents online. The email will contain details of the dividend rate and Annual General Meeting, where applicable.

We do appreciate that the internet is not for everyone. Shareholders on the UK main register, who would like to receive all shareholder communications in paper form through the post, may elect to make that choice at the Computershare website. Shareholders on the South Africa branch register who have indicated a preference to receive shareholder communications through their Central Securities Depository Participant (CSDP) or broker and who would like to continue to receive all shareholder communications in paper form through the post, should contact Computershare Investor Services Proprietary Limited. Further, paper copies of the Annual Report are available on request, at no charge, by contacting British American Tobacco Publications in the UK or the Company's Representative Office in South Africa, details of both of which are given in Appendix 7.

### **Contact**

If you have any questions about electronic communications and/or the receipt of the Documents, shareholders on the UK main register should contact Computershare Investor Services PLC on 0800 408 0094 or +44 870 889 3159 and shareholders on the South Africa branch register should contact Computershare Investor Services Proprietary Limited on 0861 100 925 or +27 11 370 5000.



## APPENDIX 3: AUDITOR'S STATEMENT OF CIRCUMSTANCES



The Directors  
British American Tobacco p.l.c.  
Globe House  
4 Temple Place  
London  
WC2R 2PG

23 March 2015

Dear Sirs,

### **Statement of Circumstances connected with ceasing to hold office as Auditors**

In accordance with Section 519 of the Companies Act 2006, we set out below the circumstances connected with our ceasing to hold office as auditors of British American Tobacco p.l.c., registered no: 3407696 ("BAT") effective from 23 March 2015.

A claim has been made by a subsidiary of BAT against the UK firm of PricewaterhouseCoopers LLP ("PwC"). This claim, which BAT say has been assigned to the BAT subsidiary, relates to work carried out by PwC a number of years ago for a third party and does not relate to any work undertaken as part of our audit of the BAT Group of companies.

The legal proceedings are being pursued and PwC has notified BAT that, in these circumstances, following the completion of your audit tender process, we are resigning as auditors.

Yours faithfully,

A handwritten signature in dark ink, appearing to read 'PricewaterhouseCoopers', is written over a light grey rectangular background.

PricewaterhouseCoopers LLP

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*PricewaterhouseCoopers LLP, 1 Embankment Place, London WC2N 6RH  
T: +44 (0) 20 7583 5000, F: +44 (0) 20 7212 4652, www.pwc.co.uk*

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

## **APPENDIX 4: FINANCIAL REPORTING STANDARD 101 (“FRS101”) NOTIFICATION**

### **Introduction**

On 1 January 2015 a new reporting regime known as the FRS 101 Reduced Disclosure Framework was introduced. This permits entities that otherwise apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards to adopt a reduced level of disclosure for their individual financial statements.

The Company is proposing that the FRS 101 Reduced Disclosure Framework will be applied for the individual financial statements of the Company for financial years beginning on and after 1 January 2015. A statement of intent by the Company to use the disclosure exemptions is set out in the Annual Report 2014.

Before an entity can apply the reduced disclosure framework it is required to inform its shareholders and to provide a reasonable opportunity for its shareholders to object.

### **Framework scope**

The framework permitted by FRS 101 reduces disclosures covering a wide range of topics including cash flow statements, financial instruments, fair value measurement, share-based payments and related party transactions. A brief narrative summary of the disclosure exemptions adopted under FRS 101 will be disclosed in the notes to the individual financial statements of the Company. There may also be some presentational changes in the individual financial statements of the Company.

The Company’s accounts will still be prepared to meet the requirements of the Companies Act 2006 including giving a true and fair view of the Company’s assets, liabilities, financial position and profit or loss. This means the Company will therefore always be required to include in its accounts all information relevant to shareholders and necessary to show a true and fair view.

### **Notification to shareholders**

Before an entity can apply the reduced disclosure framework it is required to inform its shareholders and to provide a reasonable opportunity for its shareholders to object. The Company will not be able to adopt the reduced disclosure framework if a shareholder or shareholders holding in aggregate 5% or more of the total allotted shares in the Company object.

A shareholder or shareholders holding in aggregate 5% or more of the total allotted shares in British American Tobacco p.l.c. may object to the Company applying the FRS 101 Reduced Disclosure Framework to its individual financial statements by notifying the Company Secretary in writing at the address of the Company given on page 1 of this document by the close of business on Monday 27 April 2015.

### **Further information**

For further information about FRS 101 please visit:

<http://www.icaew.com/en/technical/financial-reporting/reduced-disclosure-framework>

## **APPENDIX 5: ADDITIONAL STATUTORY AND REGULATORY INFORMATION**

### **Contracts of service**

1. Copies of the contracts of service between each Executive Director and the Company and the letters of appointment of the Non-Executive Directors and the Chairman setting out the terms and conditions of their appointment are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company up to the time of the Meeting. These, together with the register of Directors' interests in the shares of the Company and its subsidiaries, will be available for inspection at Milton Court Concert Hall, Silk Street, London EC2Y 9BH on the morning of the Meeting from 11.00am until its conclusion.

### **Statement of voting rights**

2. As at 20 March 2015 (being the latest practicable date prior to publication of this document), the Company's issued share capital consisted of 1,864,131,018 ordinary shares of 25p each with voting rights. As at 20 March 2015 the Company held 162,645,590 ordinary shares in treasury.

### **Auditors**

3. Shareholders satisfying the threshold requirements set out in section 527 of the 2006 Act can require the Company to publish a statement on its website setting out any matter relating to: (a) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the Meeting; or (b) any circumstances connected with an auditor of the Company ceasing to hold office since the last Annual General Meeting, that the shareholders propose to raise at the Annual General Meeting. Where the Company is required to publish a statement on its website, it must: (a) send a copy of the statement to the Company's auditors no later than the time it makes that statement available on the website; and (b) include the matters set out in the statement in the business of the Annual General Meeting.

## **APPENDIX 6: TRAVEL AND MEETING INFORMATION**

The venue for the 2015 Annual General Meeting is Milton Court Concert Hall, Silk Street, London EC2Y 9BH ([www.gsmd.ac.uk/about\\_the\\_school/milton\\_court](http://www.gsmd.ac.uk/about_the_school/milton_court))

### **By underground**

Moorgate, Barbican, Liverpool Street, St. Paul's

### **By bus**

4, 21, 43, 56, 76, 100, 141, 153 and 205

### **By train**

Moorgate, Liverpool Street or Farringdon

### **By car**

Barbican Centre Car Parks, Beech Street/Silk Street EC2Y 8DS

### **Information**

You are advised to obtain up-to-date travel information from Transport for London at [www.tfl.gov.uk](http://www.tfl.gov.uk) (tel: 0343 2221234) before you travel.

### **At the Meeting**

Refreshments will be provided before the Meeting from 10.30am in the Level 1 Foyer of the venue.

For your personal safety and security there will be checks and bag searches of everyone attending the Meeting. We recommend that you arrive in time to allow for these procedures.

Recording equipment, cameras and other items that might interfere with the good order of the Meeting will not be permitted in the auditorium. You are requested to turn off all mobile devices.

There will be facilities for shareholders who are in wheelchairs. Anybody accompanying a shareholder as a carer will be admitted to the Meeting.

A hearing induction loop will be available for those who wish to use it.

## **APPENDIX 7: SHAREHOLDER INFORMATION**

### **Listings and Shareholder Services**

#### **Premium listing**

London Stock Exchange (Share Code: BATS; ISIN: GB0002875804)

#### **United Kingdom Registrar**

Computershare Investor Services PLC

The Pavilions

Bridgwater Road

Bristol BS99 6ZZ, UK

tel: 0800 408 0094; +44 870 889 3159

web-based enquiries: [www.investorcentre.co.uk/contactus](http://www.investorcentre.co.uk/contactus)

#### **British American Tobacco p.l.c.**

##### **Registered Office**

Globe House

4 Temple Place

London WC2R 2PG, UK

tel: +44 20 7845 1000

##### **Secondary listing**

JSE (Share Code: BTI)

Shares are traded in electronic form only and transactions settled electronically through Strate.

#### **South Africa Registrar**

Computershare Investor Services Proprietary Ltd

PO Box 61051

Marshalltown 2107

South Africa

tel: 0861 100 925; +27 11 870 8222

email enquiries: [web.queries@computershare.co.za](mailto:web.queries@computershare.co.za)

#### **British American Tobacco p.l.c.**

##### **Representative Office in South Africa**

34 Alexander Street

Stellenbosch 7600

South Africa

(PO Box 631, Cape Town 8000, South Africa)

tel: +27 21 888 3194

#### **American Depositary Receipts**

NYSE MKT (Symbol: BTI; CUSIP No. 110448107)

British American Tobacco sponsors an American Depositary Receipt (ADR) programme in the United States. Each ADR represents two of the Company's ordinary shares. Enquiries regarding ADR holder accounts and payment of dividends should be directed to:

Citibank Shareholder Services

PO Box 43077

Providence

Rhode Island

02940-3077, USA

tel: 1-888 985 2055 (toll-free) or +1 781 575 4555

email enquiries: [citibank@shareholders-online.com](mailto:citibank@shareholders-online.com)

website: [www.citi.com/dr](http://www.citi.com/dr)

## Publications

Copies of current and past Annual Reports are available on request. Copies of the Group corporate brochure, *Who We Are*, are also available. Highlights from these publications can be produced in alternative formats such as Braille, audio tape and large print, contact:

British American Tobacco Publications  
Unit 80, London Industrial Park, Roding Road  
London E6 6LS  
tel: +44 20 7511 7797; facsimile: +44 20 7540 4326  
email: bat@team365.co.uk

Alternatively contact the British American Tobacco p.l.c. Representative Office in South Africa using the contact details shown on page A-11.

## Final Dividend 2014 — dates in 2015

In compliance with the requirements of the London Stock Exchange (LSE) and Strate, the electronic settlement and custody system used by the JSE Limited (JSE), the following are the salient dates for the payment of the final dividend.

26 February	Dividend announced (including amount of dividend per share in both sterling and rand, applicable exchange rate and conversion date — 24 February 2015; plus additional applicable information as required in respect of South Africa Dividends Tax — see below)
26 February-20 March	From the commencement of trading on 26 February to 20 March 2015 (inclusive), no removal requests in either direction between the UK main register and the South Africa branch register will be permitted
13 March	Last day to trade (JSE)
16-20 March	From the commencement of trading on 16 March 2015 to 20 March 2015 (inclusive), no transfers between the UK main register and the South Africa branch register; no shares may be dematerialised or rematerialised
16 March	Ex-dividend date (JSE)
19 March	Ex-dividend date (LSE)
20 March	Record date (LSE and JSE)
15 April	Last date for receipt of Dividend Reinvestment Plan (DRIP) elections (UK main register only)
7 May	Payment date (sterling and rand)

## Final Dividend 2014 — key information and data

### Recommendation

On 26 February 2015 the Company announced a recommended final dividend of 100.6p per ordinary share of 25p for the year ended 31 December 2014.

As the British American Tobacco Group reports in sterling, dividends are declared and payable in sterling except for shareholders on the branch register in South Africa whose dividends are payable in rand. A rate of exchange of £:R = 17.76480 as at 24 February 2015 (the closing rate on that date as quoted by Bloomberg), results in an equivalent final dividend of 1,787.13888 SA cents per ordinary share.

### South Africa Branch Register: Dividends Tax Information

South Africa Dividends Tax of 268.07083 SA cents per ordinary share will be withheld from the gross final dividend paid to shareholders on the South Africa branch register at the rate of 15% unless a shareholder qualifies for an exemption. After Dividends Tax has been withheld, the net dividend will be 1,519.06805 SA cents per ordinary share.

At the close of business on 24 February 2015 (the latest practicable date prior to the date of the recommendation of the final dividend), British American Tobacco p.l.c. (the “Company”) had a total of 1,864,117,591 ordinary shares in issue (excluding treasury shares). The Company held 162,645,590 ordinary shares in treasury giving a total issued share capital of 2,026,763,181 ordinary shares.



The Company, as a South Africa non-resident, was not subject to the secondary tax on companies (STC) regime which used to operate before the introduction of Dividends Tax. No STC credits are available for set-off against Dividends Tax liability on the final dividend which is regarded as a 'foreign dividend' for the purposes of the South Africa Dividends Tax.

British American Tobacco p.l.c. is registered with the South African Revenue Service (SARS) with tax reference number 9378193172.

For the avoidance of doubt, Dividends Tax and the information provided above is of direct application only to shareholders on the South Africa branch register. Shareholders on the South Africa branch register should direct any questions regarding the application of Dividends Tax to Computershare Investor Services Proprietary Ltd, contact details for which are given above.

#### **Financial Calendar 2015**

29 April	Interim Management Statement
29 April	Annual General Meeting, Milton Court Concert Hall, Silk Street, London EC2Y 9BH
29 July	Half-Yearly Report
28 October	Interim Management Statement

