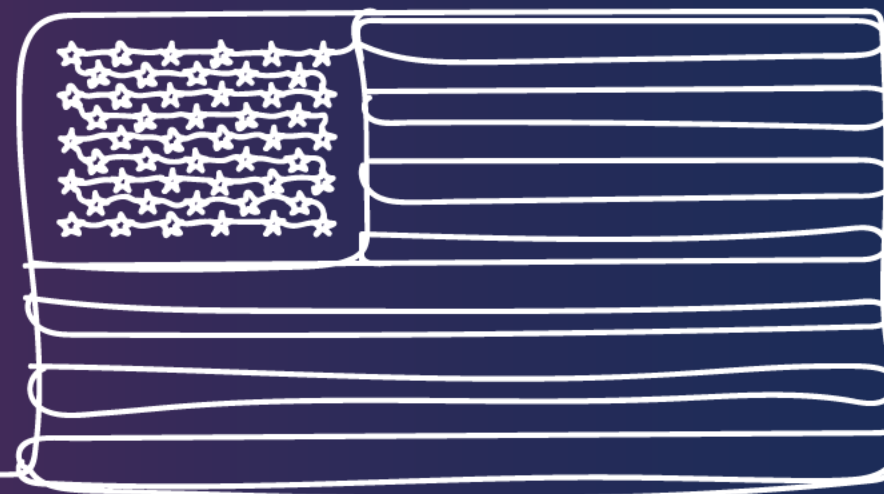


US Brands Overview

Joe Fragnito
President and Chief Commercial Officer
RJ Reynolds Tobacco Company



Important notice

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Certain statements in this communication that are not historical facts are “forward-looking” statements made within the meaning of Section 21E of the United States Securities Exchange Act of 1934. These statements are often, but not always, made through the use of words or phrases such as “believe,” “anticipate,” “could,” “may,” “would,” “should,” “intend,” “plan,” “potential,” “predict,” “will,” “expect,” “estimate,” “project,” “positioned,” “strategy,” “outlook” and similar expressions. The absence of these words does not necessarily mean that a statement is not forward-looking. All such forward-looking statements involve estimates and assumptions that are subject to risks, uncertainties and other factors that could cause actual future financial condition, performance and results to differ materially from the plans, goals, forecasts, projections, budgets, expectations and results, whether expressed or implied, in the forward-looking statements and other financial and/or statistical data within this communication. Such forward-looking statements are based on numerous assumptions regarding BAT’s present and future business strategies and the environment in which it will operate in the future. Circumstances may change and the contents of this presentation may become outdated as a result. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking statements are uncertainties related to the following: the failure to realize contemplated synergies and other benefits from mergers and acquisitions, including the recent merger of Reynolds American Inc. (“Reynolds”) and BAT; the effect of mergers, acquisitions and divestitures, including the merger of Reynolds and BAT, on BAT’s operating results and businesses generally; the ability to maintain credit ratings; changes in the tobacco industry and stock market trading conditions; changes or differences in domestic or international economic or political conditions; changes in domestic or international tax laws and rates; the impact of adverse domestic or international legislation and regulation; the ability to develop, produce or market new alternative products and to do so profitably; the ability to effectively implement strategic initiatives and actions taken to increase sales growth and the market position of BAT’s brands; the ability to attract, convert and retain new or existing consumers; the ability to enhance cash generation and pay dividends; adverse litigation and dispute outcomes and the effect of such outcomes on BAT’s financial condition; adverse decisions by regulatory bodies and changes in the market position, businesses, financial condition, results of operations or prospects of BAT.

Important notice (continued)

Additional information concerning these and other factors can be found in BAT's and Reynolds's filings with the U.S. Securities and Exchange Commission ("SEC"), including Reynolds's most recent Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and BAT's registration statement on Form F-4, which was declared effective by the SEC on June 14, 2017, and Current Reports on Form 6-K, which may be obtained free of charge at the SEC's website, <http://www.sec.gov>, and BAT's Annual Reports, which may be obtained free of charge from BAT's website www.bat.com. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof and BAT undertakes no obligation to update or revise publicly any forward-looking statements or other data or statements contained within this communication, whether as a result of new information, future events or circumstances otherwise.

No statement in this communication is intended to be a profit forecast or profit estimate and no statement in this communication should be interpreted to mean that earnings per share of BAT for the current or future financial years would necessarily match or exceed the historical published earnings per share of BAT.

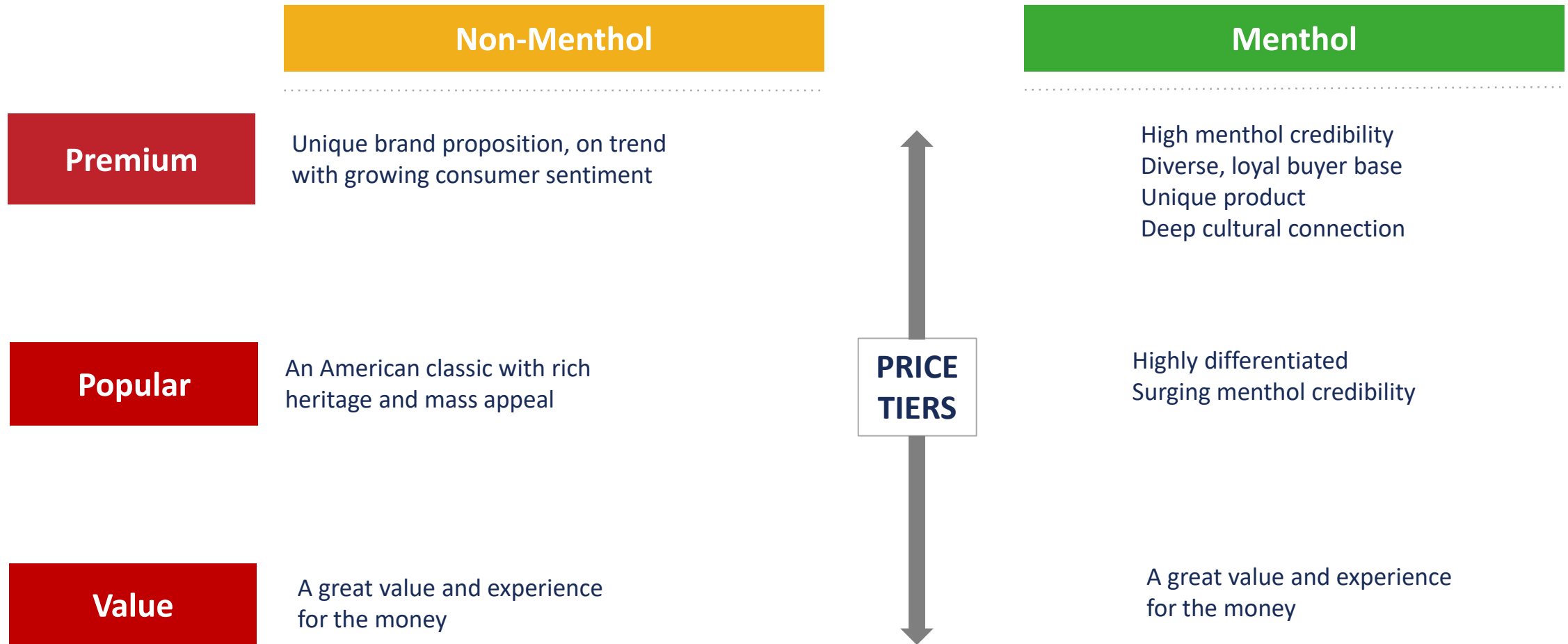
Market leadership

Across all traditional categories

	Our Vision of Market Leadership
	Strong Portfolio Position
	Hyper-Relevant Brands
	Marketing Channels & Capabilities



Competing across all segments



Key trends driving consumer choices

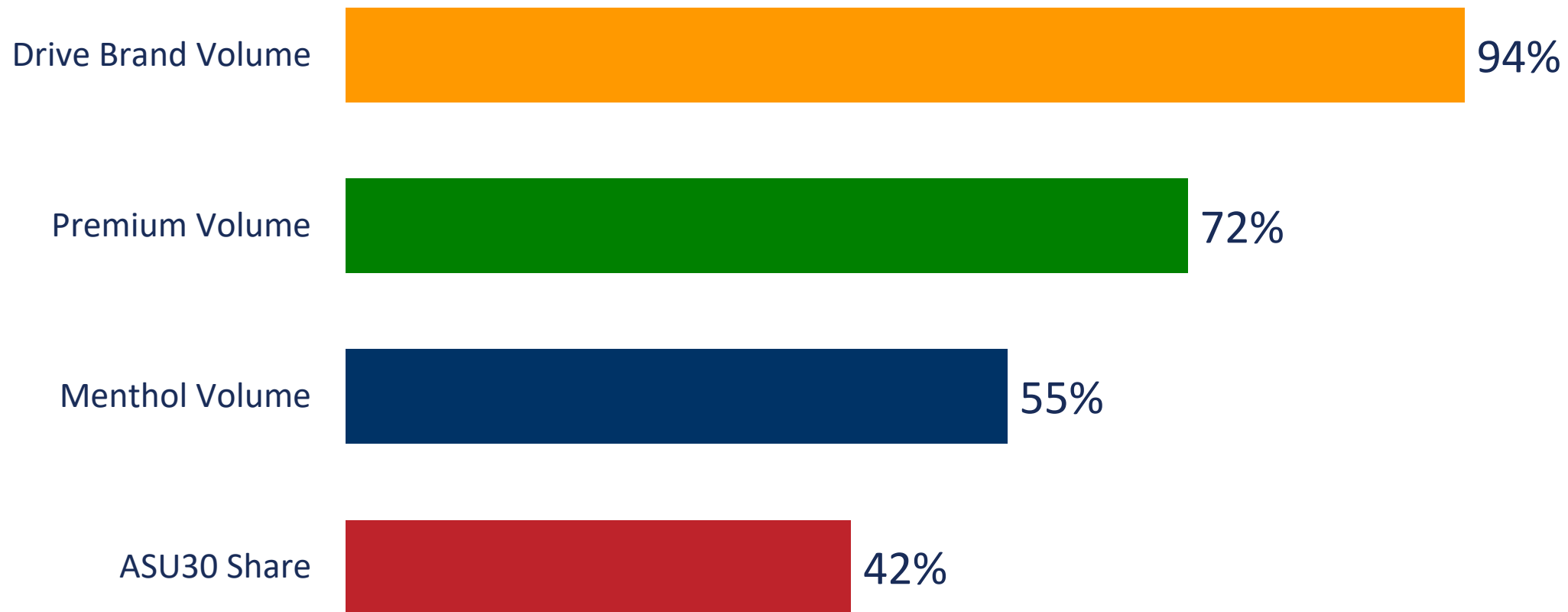
Seeking
Alternatives to
Cigarettes

Aging and
Multicultural
Demographics

Menthol

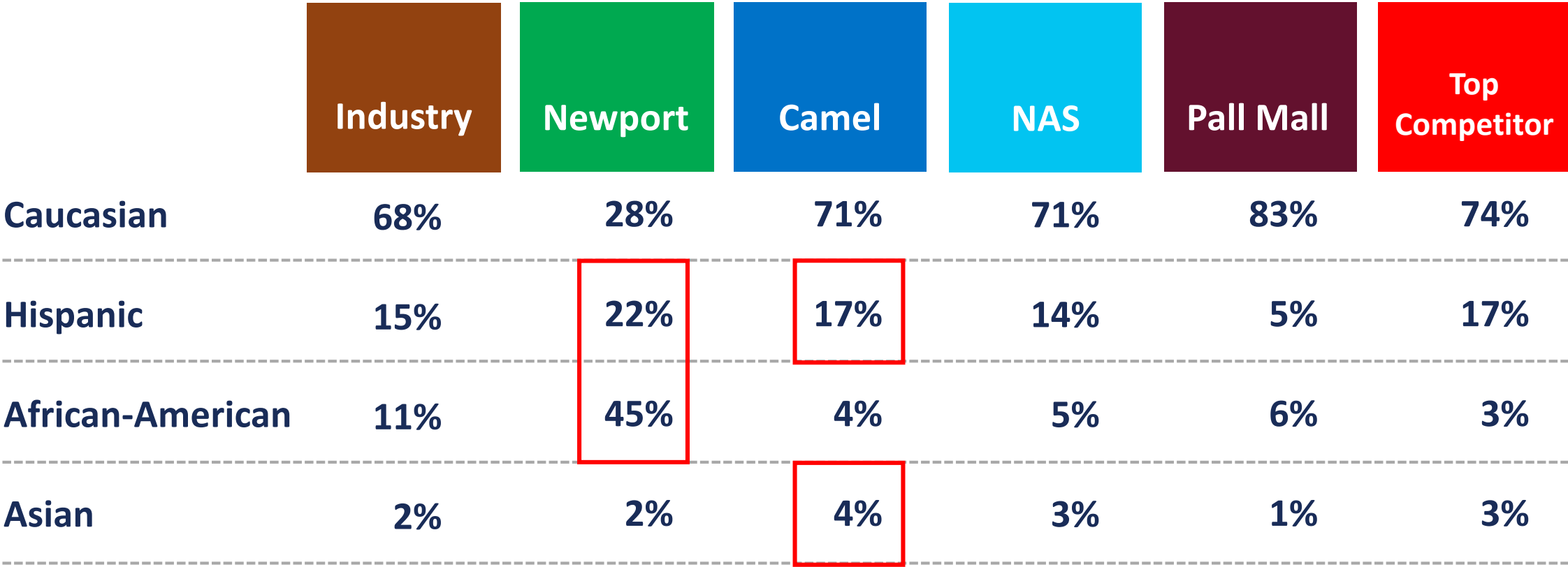
Value Hunting

Cigarette portfolio strength



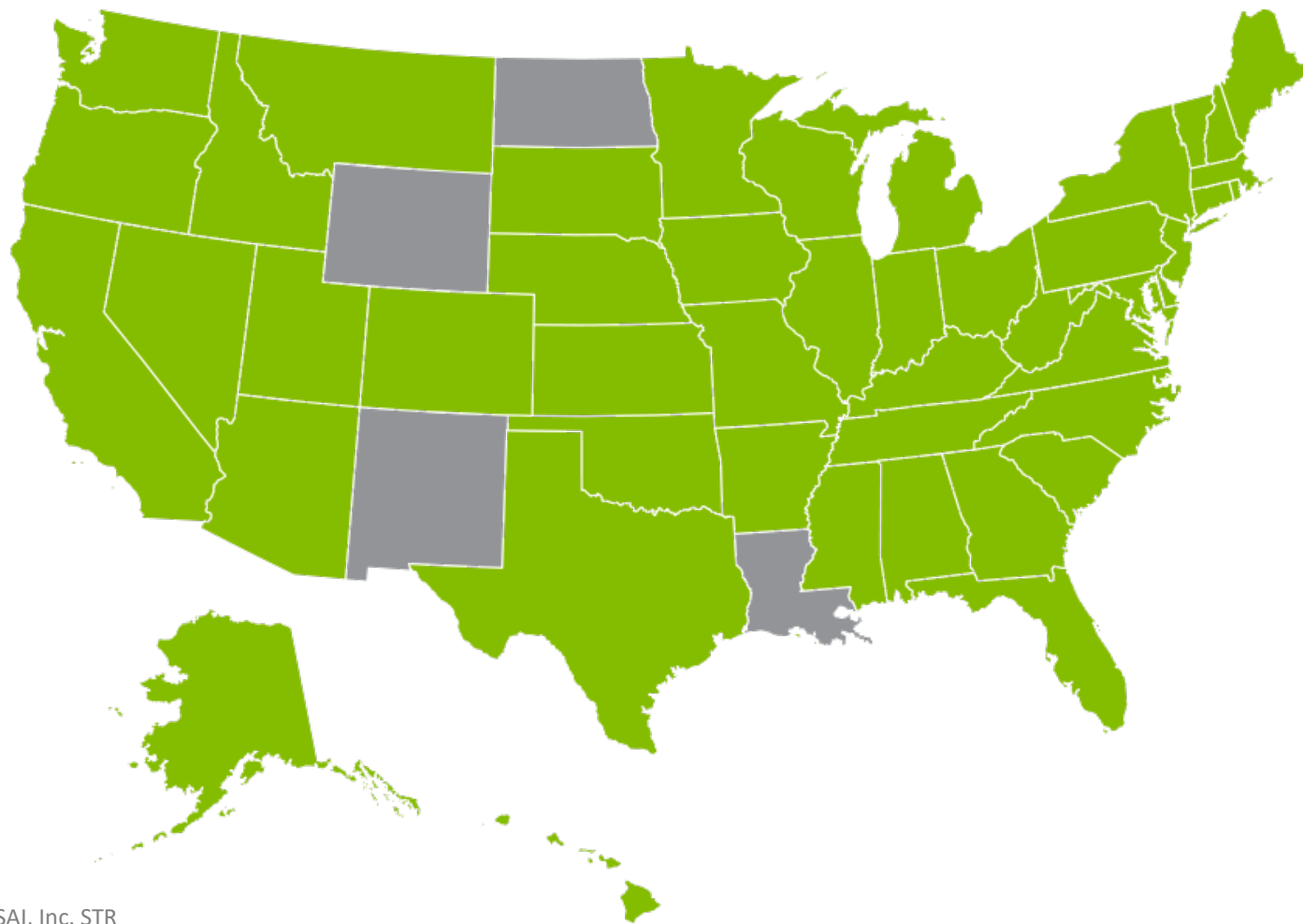
Source: MSA, Inc. STR, Sep YTD-17. Tracker FY 2016

Diversity across brands



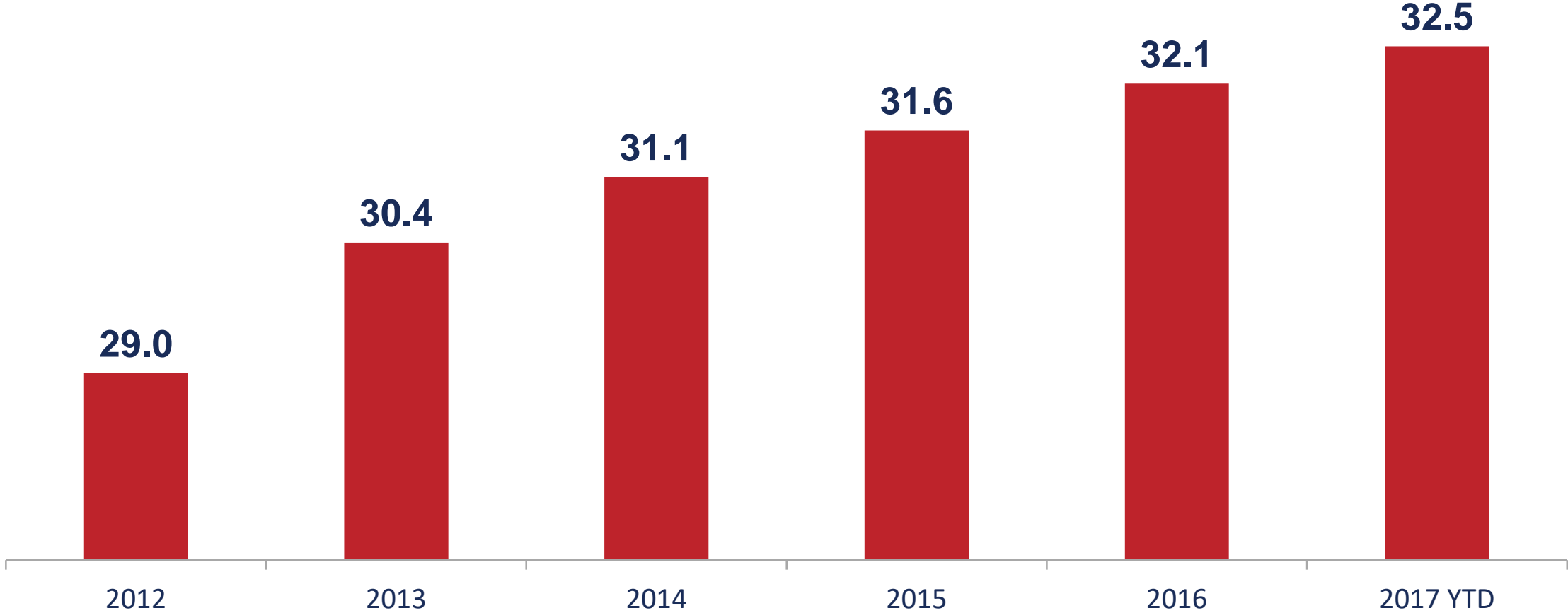
Source: Brand Tracker

Menthol Leadership



Source: MSAI, Inc. STR

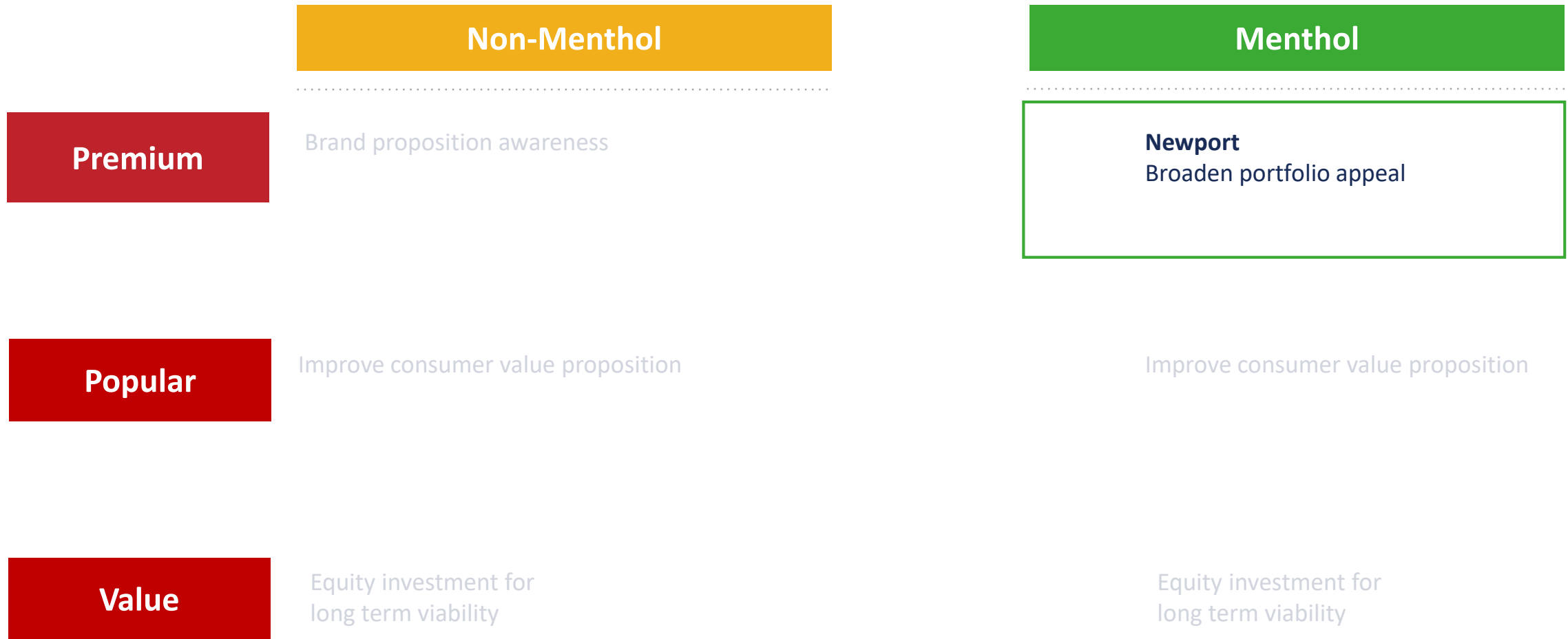
RAI OpCos drive brand market share growth



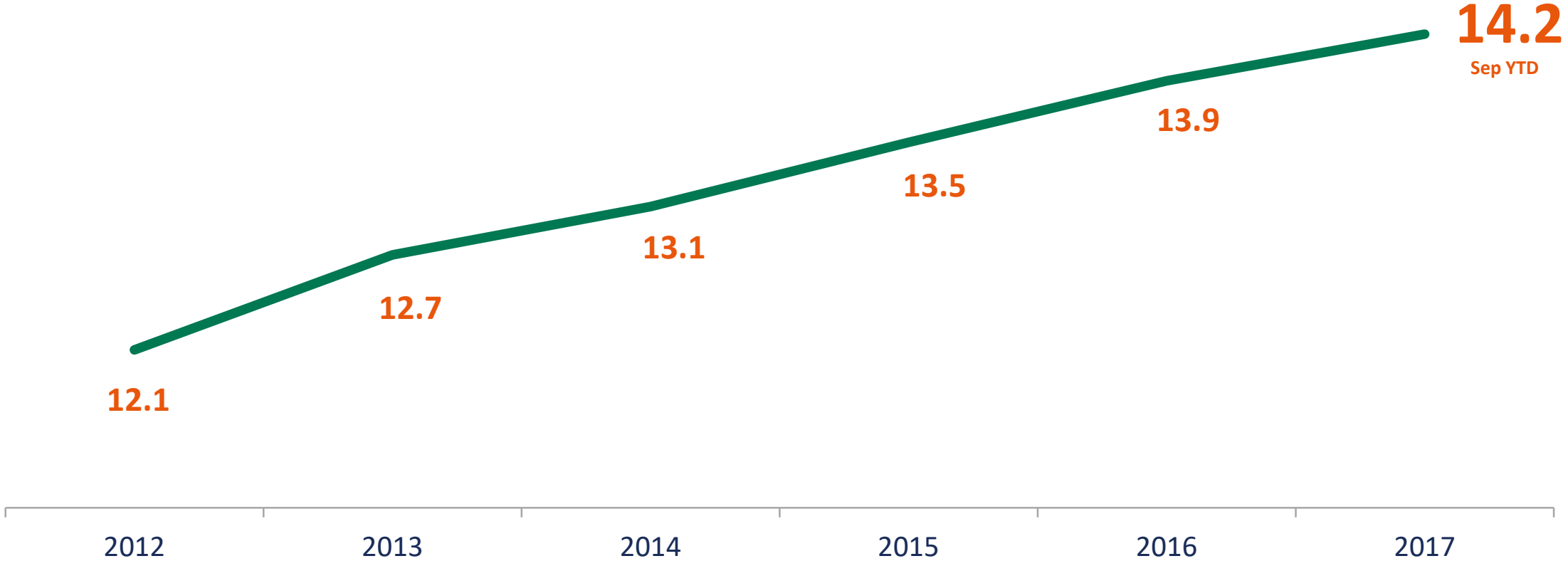
Source: MSA, Inc. STR Sep YTD-17

Newport

Competing across all segments

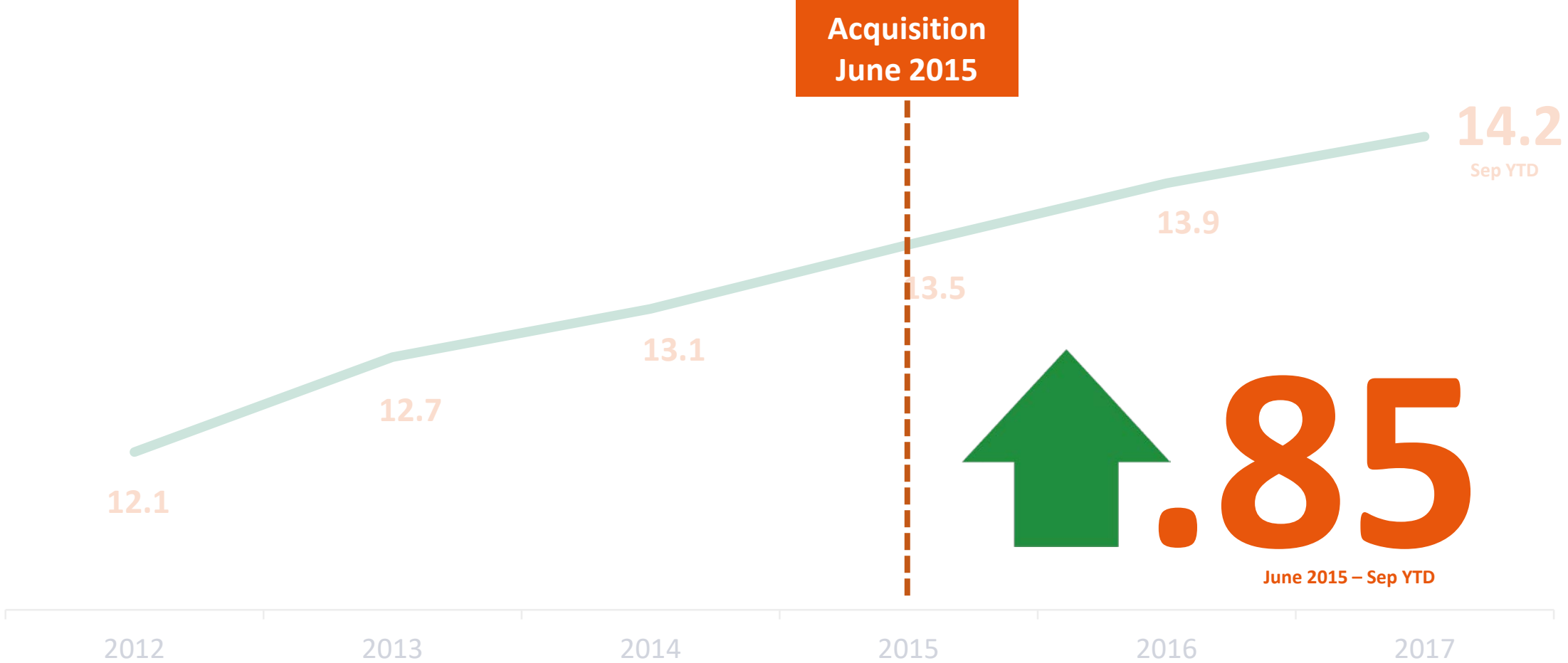


Newport market share performance



Source: MSA, Inc. STR Sep YTD-17

Newport share growth since acquisition



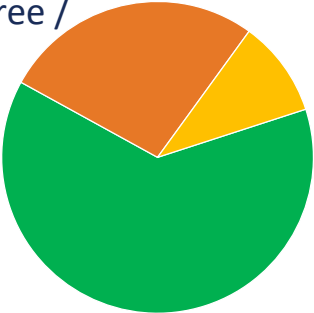
Source: MSA, Inc. STR Sep YTD-17

Diverse Newport Consumers

Education

27%

Technical Degree /
Some College



10%

College Degree /
Some Post Graduate

63%

Some High School /
Completed High School

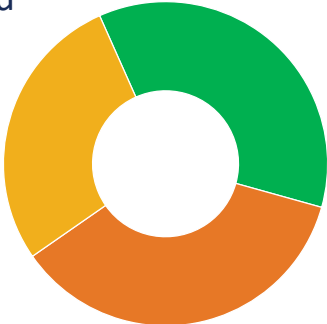


Average Age

42 years old

28%

50+
years old



36%

21 – 34
years old

36%

35 – 49
years old

Source: FY2016 Tracker

Ethnicity



28%

Caucasian

45%

African-American

22%

Hispanic

5%

All Others

Statistics

Average
Yearly Income

\$38,300

47% Male

53% Female

78% UB

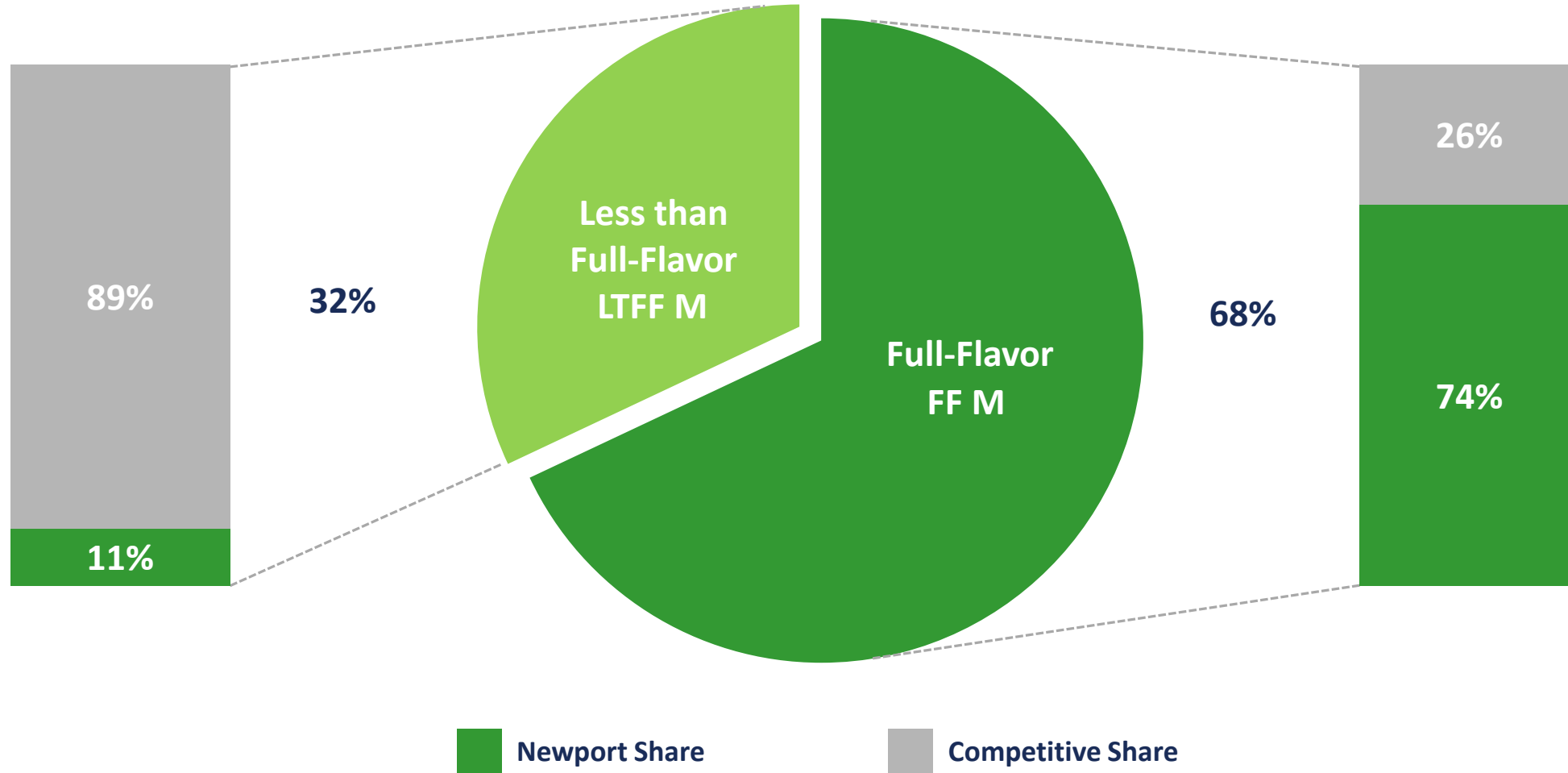
22% OU

Net Promoter Score*

50%

*Measures propensity to recommend to another adult smoker based on a score of 7 or greater on a 10 point scale; Newport’s top 2 box score is 67%

Key opportunity: Growth in Less Than Full-Flavor Segment



Source: MSA, Inc. STR

Key initiative: Broaden portfolio appeal - Newport

Maintain Core Momentum

Capitalise on Competitive, Premium LTFFM Opportunity

Classic Menthol Family

Smooth Menthol Family

Classic Menthol

Achieve Greater **Portfolio Awareness**

Differentiated Smooth Menthol Taste

Integrated Campaigns – Rebrand Launch

Awareness Drivers

Engagement Drivers

Newport Platinum

Cello
Overwrap

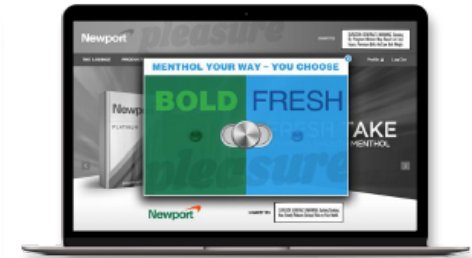
POS

Coupon
Insert

Print



Mobile



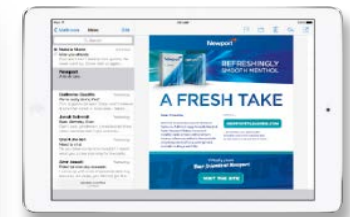
Web



Direct Mail



CE

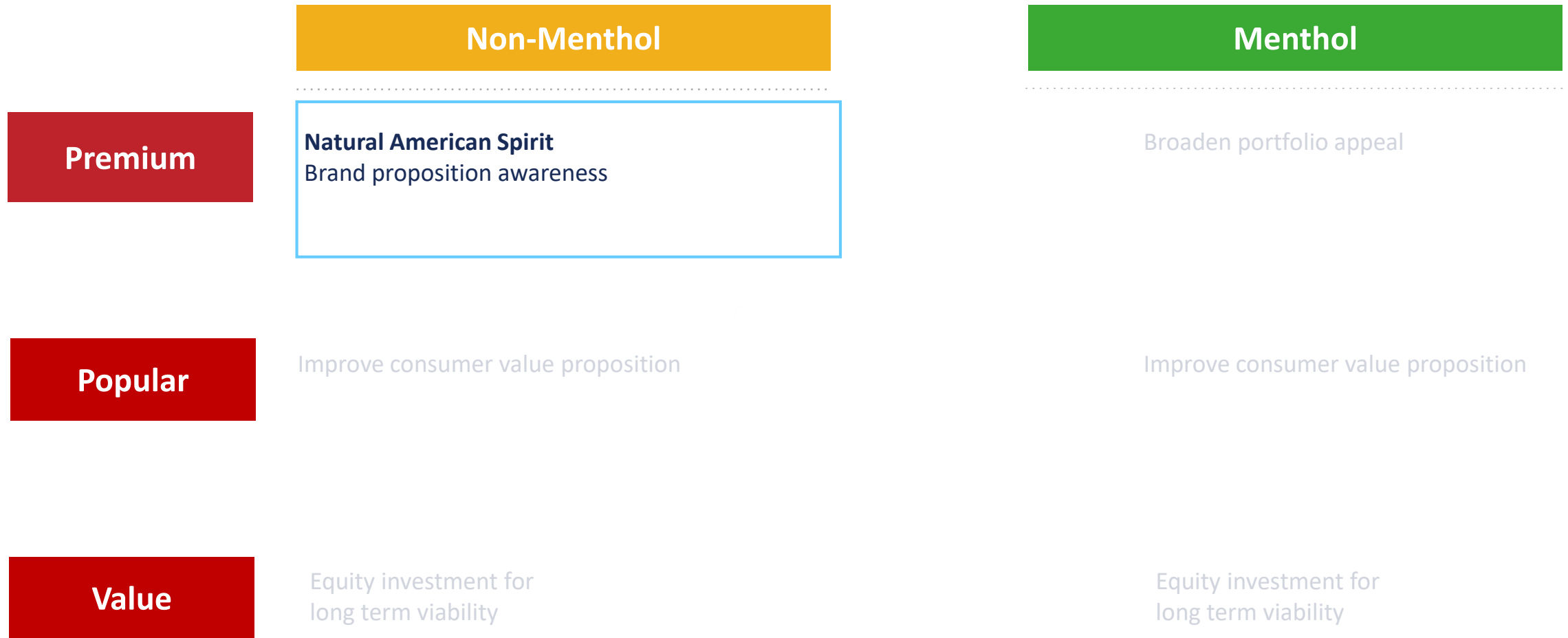


Email

NATURAL
AMERICAN
SPIRIT



Competing across all segments



NAS highlights

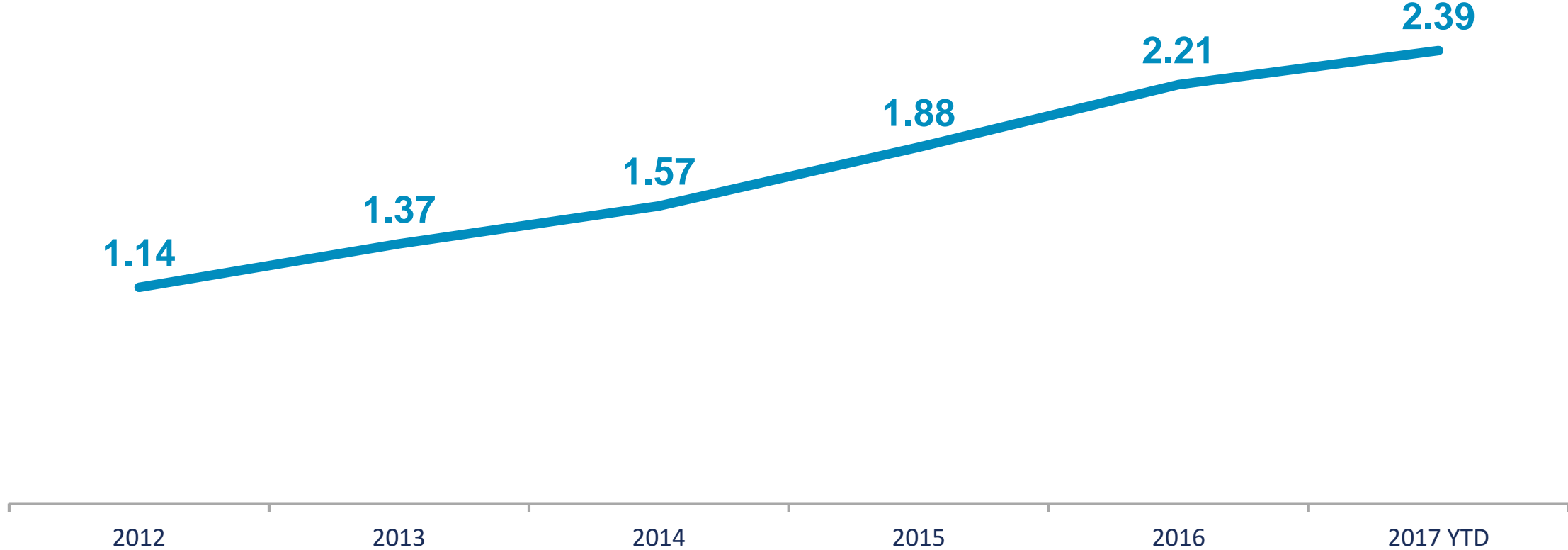
Uniquely positioned as authentic brand with sustainable values

Growing in all 50 states ... without the need for discounting

6th largest brand in the U.S

ASU35 index: 190

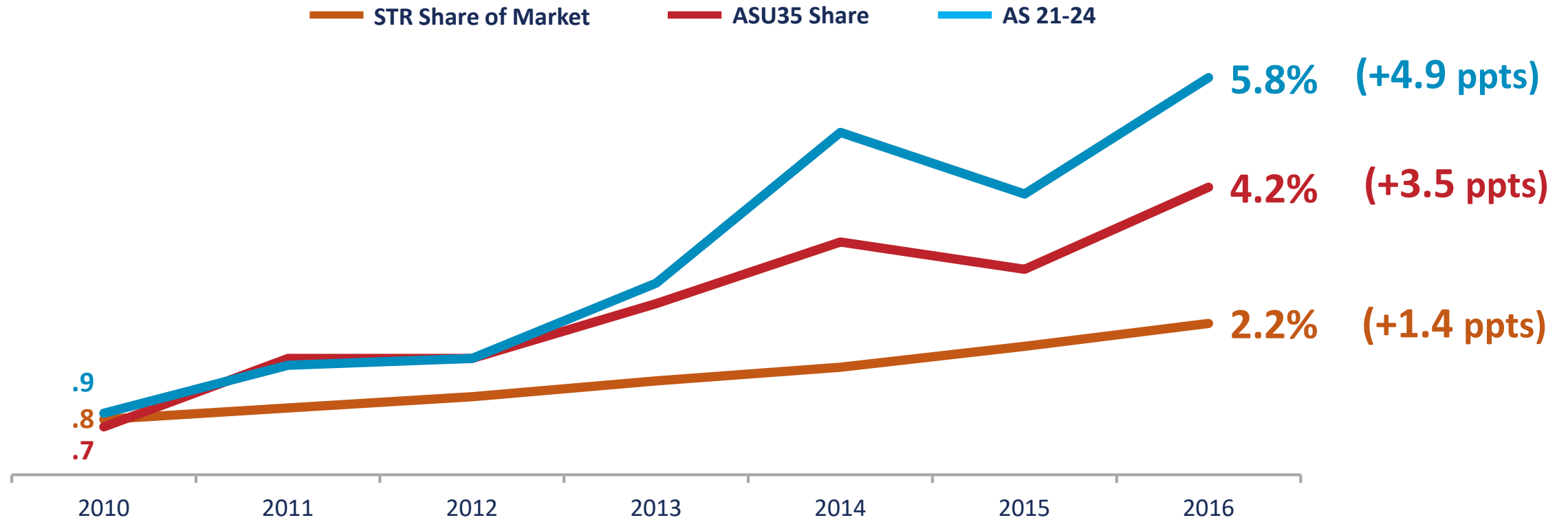
NAS market share performance



Source: MSA, Inc. STR Sep YTD-17

Adult Smokers Under 35 Driving NAS Brand Growth

Usual Brand Share of Smoker & Retail Market Share

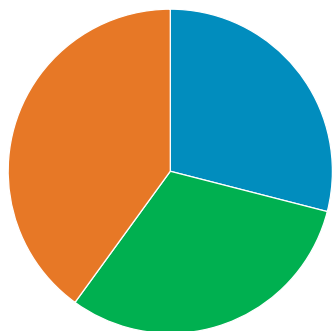


Source: 2016 Tracker

Highly educated, high income

Education

40%
Technical Degree / Some College



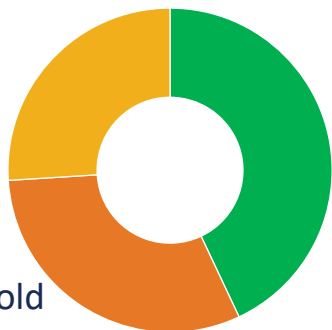
29%
College Degree / Some Post Graduate

31%
Some High School / Completed High School

Average Age

39 years old

26%
50+ years old



43%
21 – 34 years old

31%
35 – 49 years old



Ethnicity



71%
Caucasian

6%
African-American

14%
Hispanic

9%
All Others

Statistics

Average Yearly Income

\$55,500

63.0% Male

37.0% Female

57.9% UB

42.1% OU

Net Promoter Score

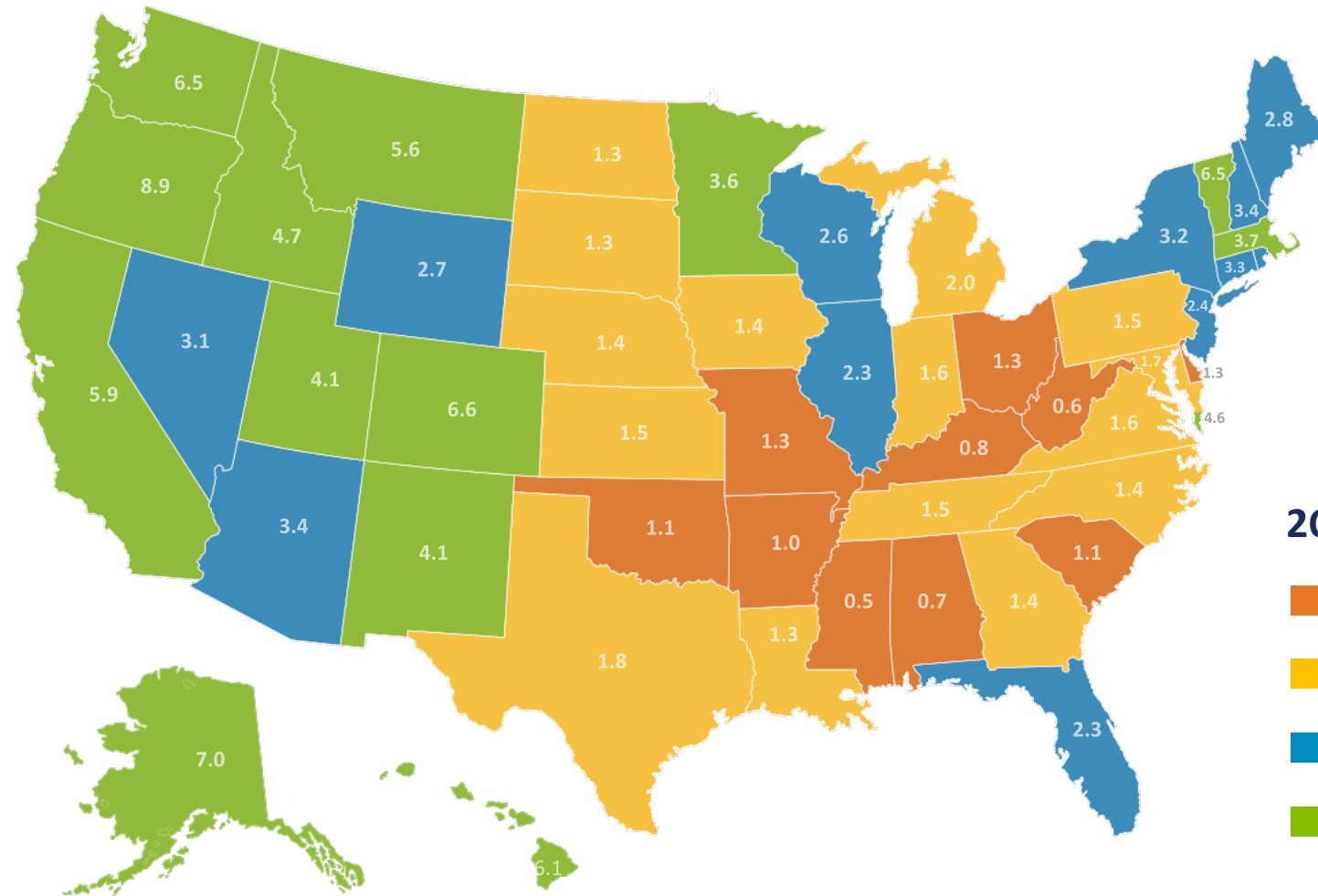
54%

Source: FY2016 Tracker

Plenty of runway

Metro Market Share

Los Angeles	9
Portland	13
Denver	7
Minneapolis	7
Austin	10
Chicago	7
Seattle	13
NYC	9
San Francisco	12
Asheville	11



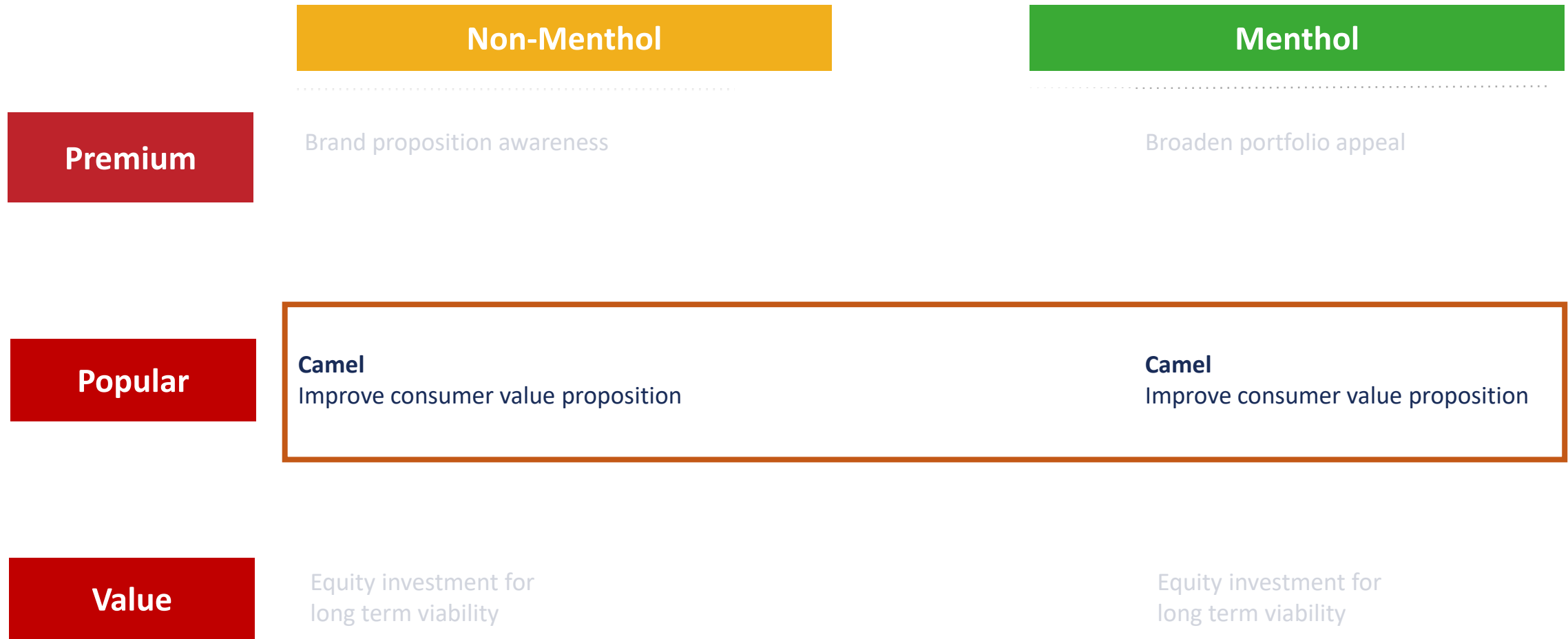
2Q17 NAS Share

- > 0.5 – 1.2%
- > 1.2 – 2.0%
- > 2.0 – 3.5%
- > 3.5%

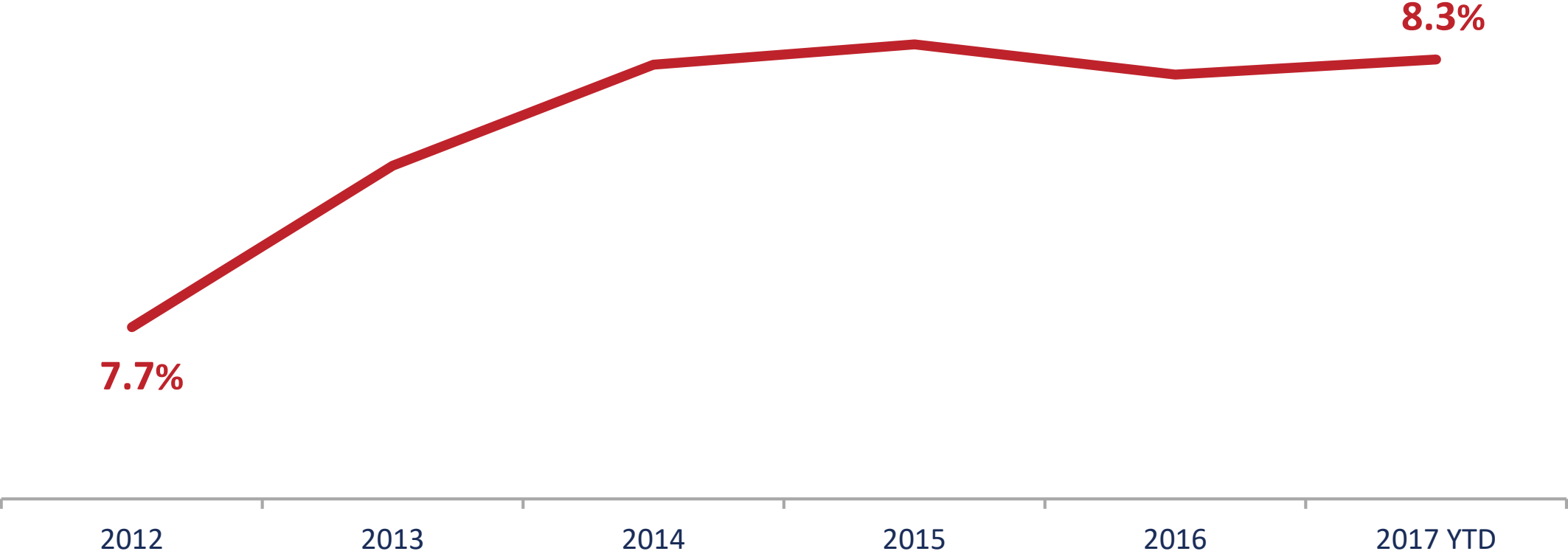
Source: MSA, Inc. STR Jun YTD-17

CAMEL

Competing across all segments



Camel market share performance



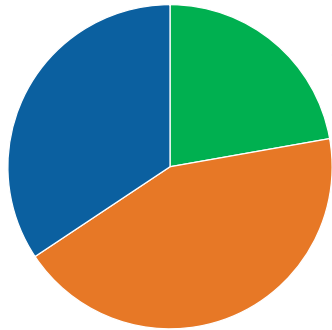
Source: MSA, Inc. STR Sep YTD-17

Strong ASU35 profile

Education

34%

Technical Degree / Some College



22%

College Degree / Some Post Graduate

43%

Some High School / Completed High School

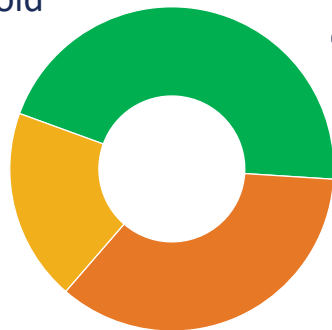


Average Age

39 years old

19%

50+ years old



46%

21 – 34 years old

35%

35 – 49 years old

Ethnicity



71%

Caucasian

4%

African-American

17%

Hispanic

8%

All Others

Statistics

Average Yearly Income

\$51,420

57% Male

43% Female

65% UB

35% OU

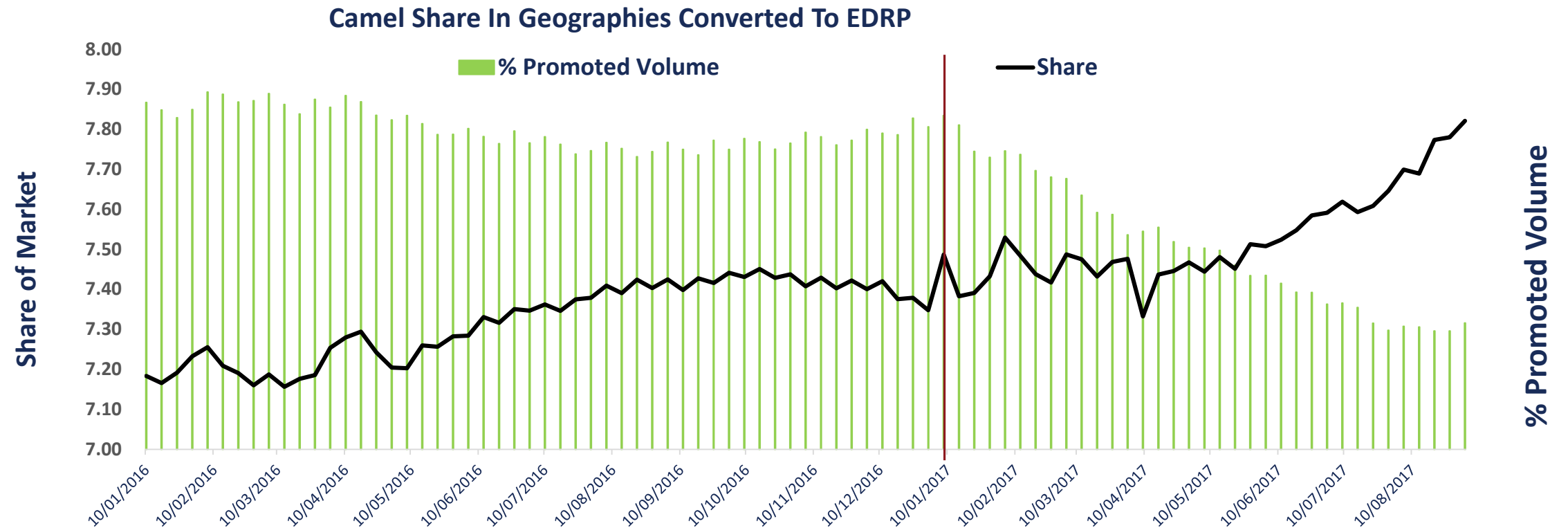
Net Promoter Score

40%

Source: FY 2016 RAI Brand Tracker

Everyday relevant pricing

Shifting resources from promotions to everyday pricing accelerates growth

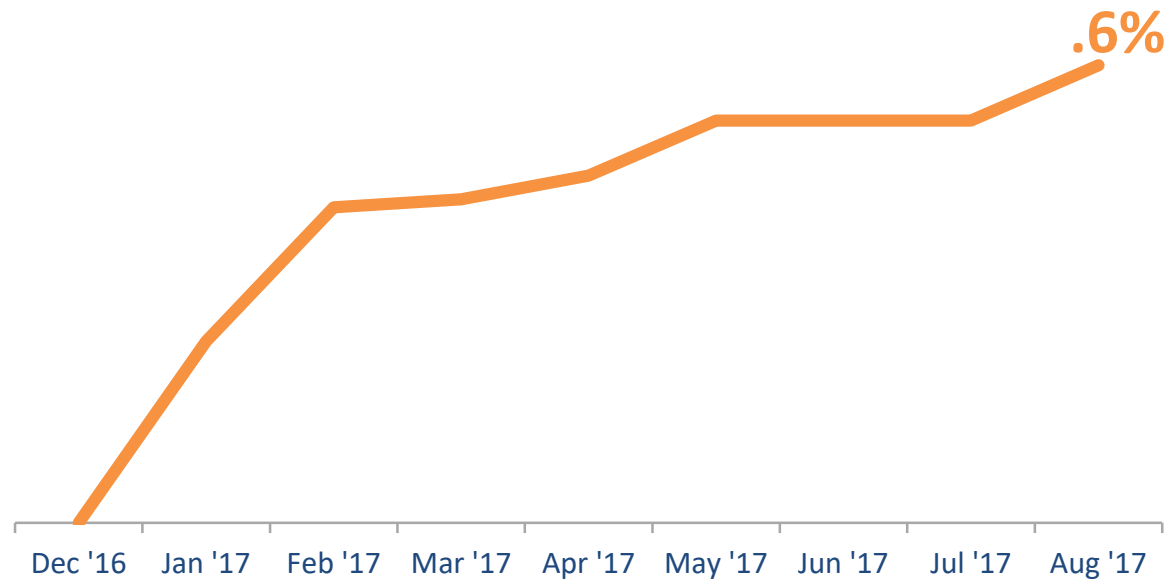


Source: MSA, Inc. STR Sep YTD-17

Camel Turkish Blends performance

Introduced in first quarter 2017

Turkish Blends share (IRI)



Camel Turkish consumer –

75%
ASU35

Source: IRI; 2017 Turkish Blends Buyer Study

PALL MALL

Competing across all segments

Non-Menthol

Menthol

Premium

Brand proposition awareness

Broaden portfolio appeal

Popular

Improve consumer value proposition

Improve consumer value proposition

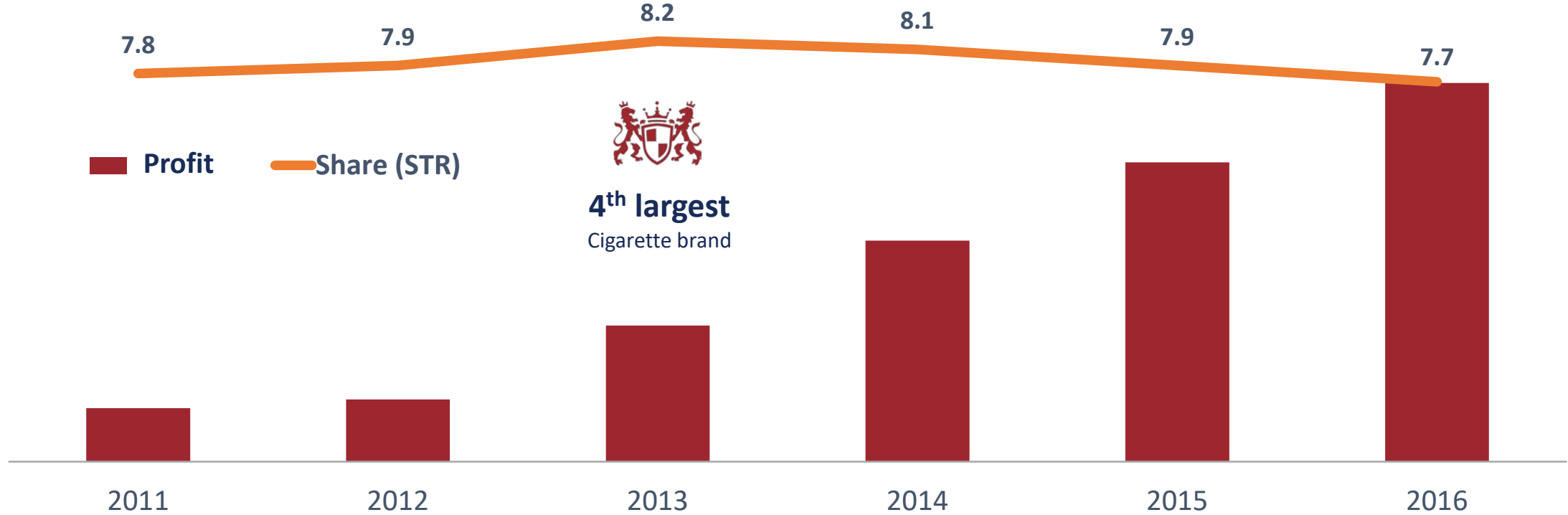
Value

PALL MALL
Equity investment for
long term viability

PALL MALL
Equity investment for
long term viability

Share stability & clear role

Balancing share & profitability



"All financial statements and financial information provided by or with respect to RAI (and/or the RAI Group) are prepared on the basis of U.S. GAAP and constitute the primary financial statements or financial information. To the extent any financial information provided by or with respect to RAI (and/or the RAI Group) is prepared on a basis other than U.S. GAAP, such information is provided as an explanation of, or supplement to, RAI's (and/or the RAI Group's) primary U.S. GAAP based financial statements and information and is for management purposes."

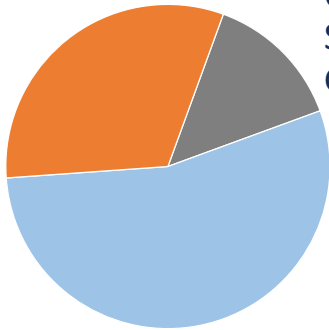
Source: MSA, Inc. STR

Pall Mall has an older buyer base

Education

32%

Technical Degree / Some College



14%

College Degree / Some Post Graduate

55%

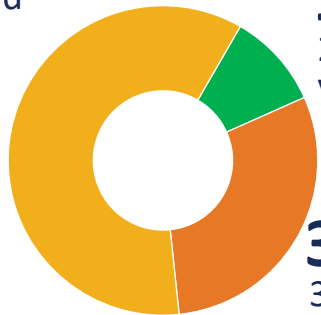
Some High School / Completed High School

Average Age

51 years old

60%

50+ years old



10%

21 – 34 years old

30%

35 – 49 years old



Ethnicity



83%

Caucasian

5%

African-American

6%

Hispanic

6%

All Others

Statistics

Average Yearly Income

\$38,850

51% Male

49% Female

67% UB

33% OU

Net Promoter Score

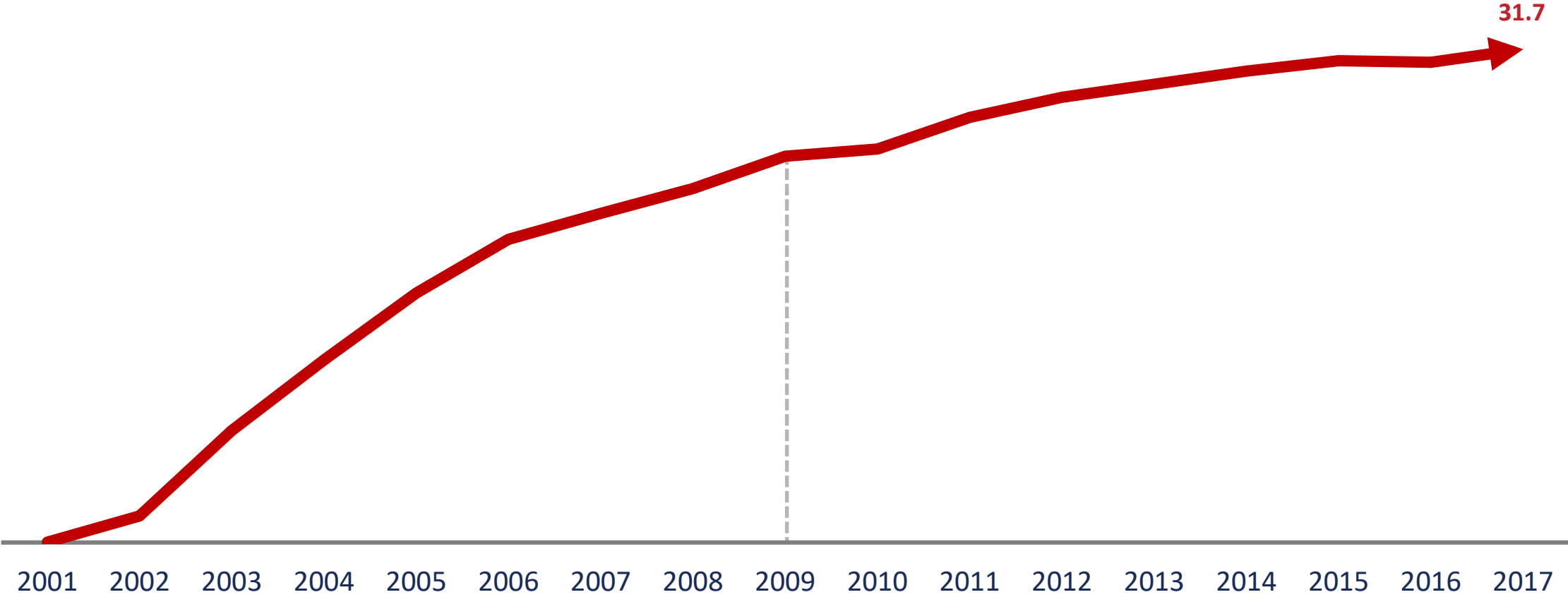
37%

Source: FY 2016 RAI Brand Tracker

GRIZZLY

Grizzly share dynamics

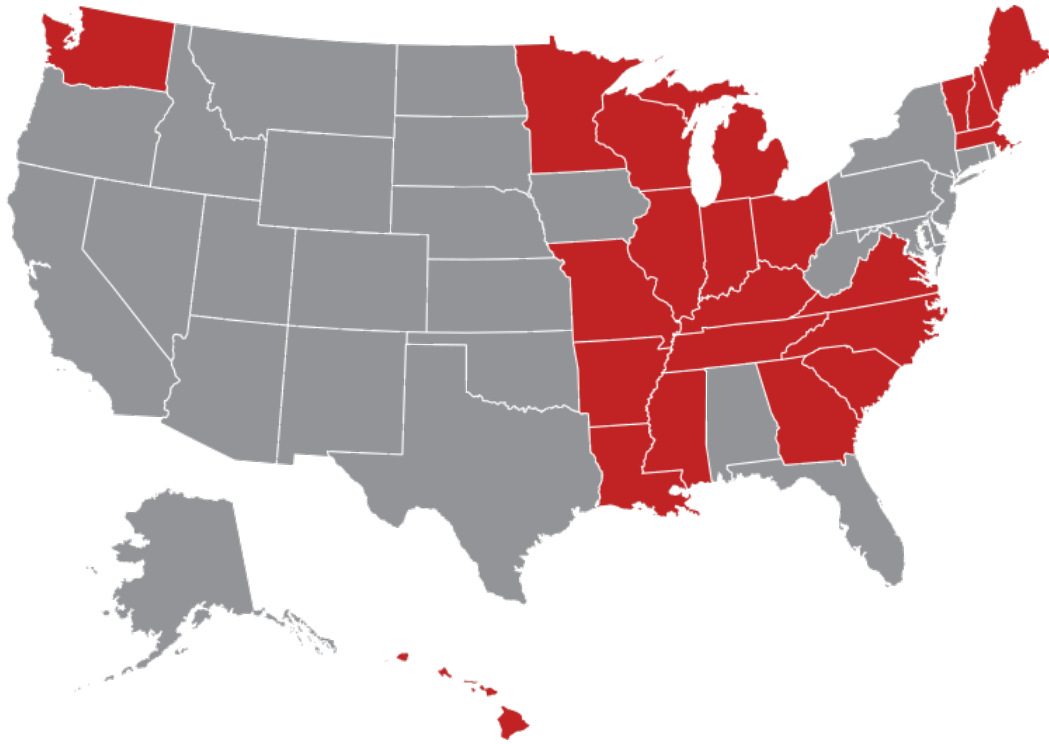
Grizzly Retail Share of Market (2001 - YTD 2017)



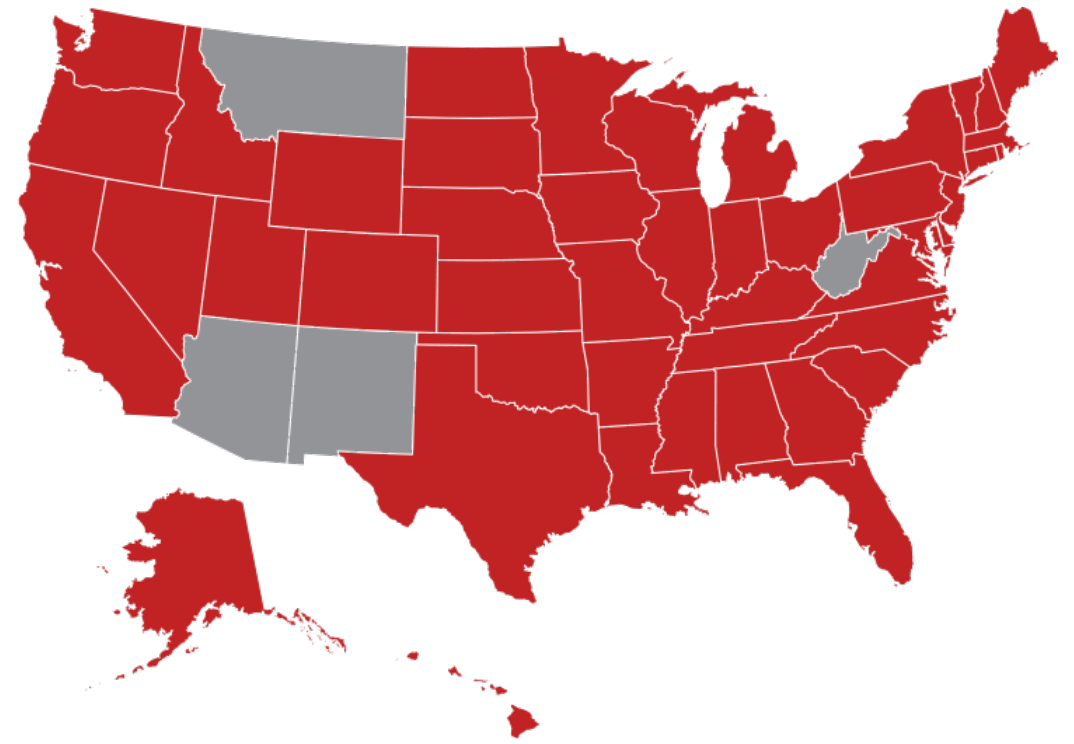
Source: MSA, Inc. STR Sep YTD-17

Grizzly market leadership

#1 Moist Brand in 23 States



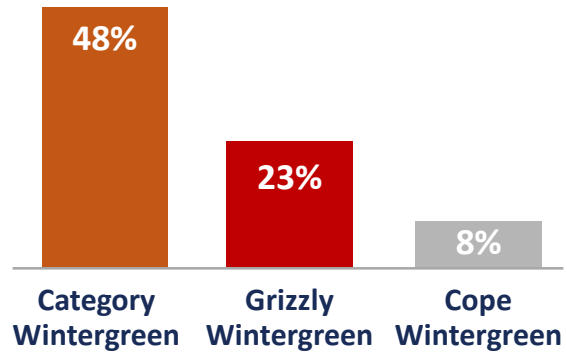
#1 Wintergreen in 46 States



MSA, Inc. STR

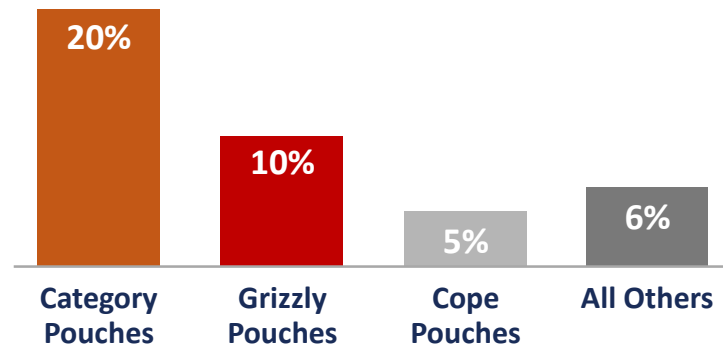
Leading key segments

Wintergreen Share of Total Industry



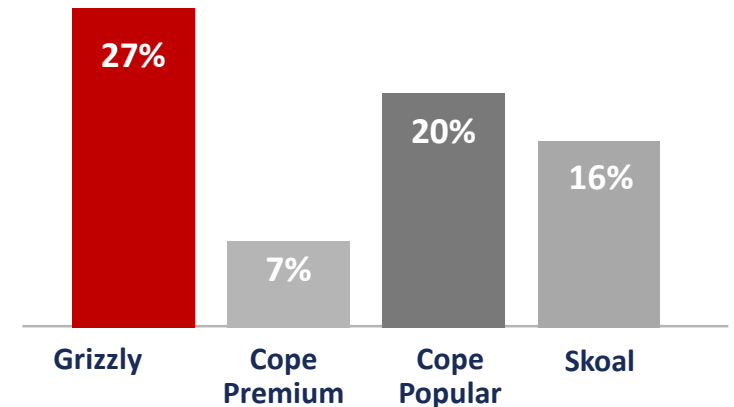
48%
Wintergreen Segment

Pouches Share of Total Industry



50%
Pouch Segment

ATU35 Share of Dipper (UB SOM)



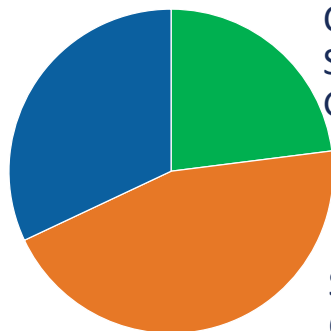
ATU35
Leadership

Source: MSA, Inc. STR Sep YTD-17, Tracker June YTD-17

Grizzly's leading ATU35 profile

Education

32%
Technical Degree / Some College



23%
College Degree / Some Post Graduate

45%
Some High School / Completed High School



Average Age

37 years old

16%
50+ years old



49%
21 – 34 years old

35%
35 – 49 years old

Ethnicity



82%
Caucasian

4%
African-American

9%
Hispanic

5%
All Others

Statistics

Average Yearly Income

\$53,300

88% Male

12% Female

71% UB

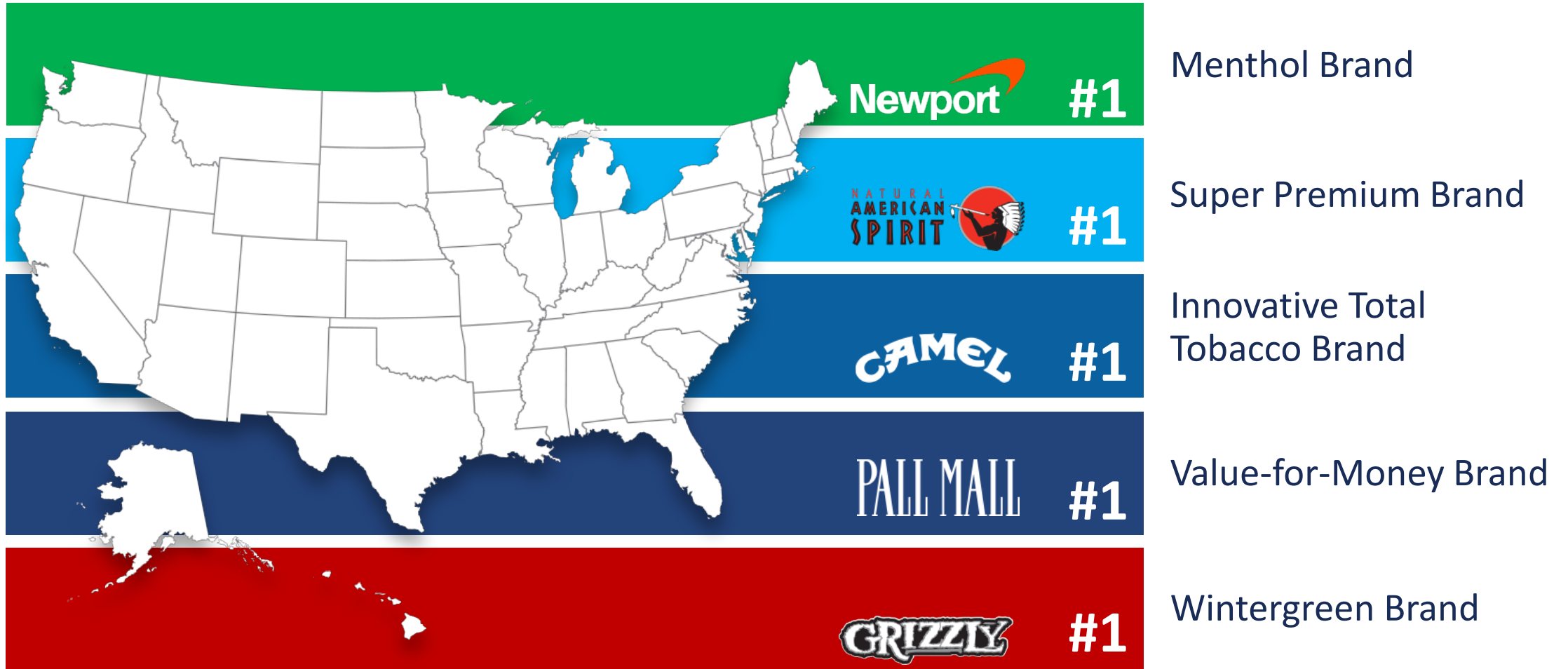
29% OU

Net Promoter Score

57%

Source: 1H 2017 RAI Brand Tracker

Our vision is attainable



Thank you