Dear shareholder

This has been a very successful year for our Company. Although we are aware of the uncertainties facing the Group, as would be provided by the Performance Summary, we believe that our performance has been strong and that our strategy is delivering the growth and results we had anticipated.

In 2011, operating margin, and growth in revenue, an improved operating margin, and growth in revenue growth, an improved operating margin, and growth in revenue growth, an improved

From the Chairman

2011 has been a very successful year for our Company and we carry on our journey of sustainability and improvement into 2012.

Richard Burrows
Chairman
### Performance Summary 2011

#### British American Tobacco

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<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Adjusted profit (pence)</td>
<td>66.2 billion</td>
<td>55.9 billion</td>
<td>47.0 billion</td>
<td>38.8 billion</td>
<td>35.2 billion</td>
<td>31.9 billion</td>
<td>35.2 billion</td>
<td>38.8 billion</td>
<td>41.9 billion</td>
<td>39.8 billion</td>
</tr>
<tr>
<td>Profit from operations</td>
<td>100%</td>
<td>-20%</td>
<td>-50%</td>
<td>-40%</td>
<td>-30%</td>
<td>-20%</td>
<td>-10%</td>
<td>0%</td>
<td>10%</td>
<td>20%</td>
</tr>
<tr>
<td>Total shareholder return</td>
<td>25.4%</td>
<td>25.4%</td>
<td>126.5%</td>
<td>126.5%</td>
<td>126.5%</td>
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<tr>
<td>Basic earnings per share</td>
<td>126.5 pence</td>
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<td>Adjusted diluted earnings per share</td>
<td>126.5 pence</td>
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<tr>
<td>Free cash flow</td>
<td>£126.5 billion</td>
<td>£126.5 billion</td>
<td>£126.5 billion</td>
<td>£126.5 billion</td>
<td>£126.5 billion</td>
<td>£126.5 billion</td>
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<td>£126.5 billion</td>
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<td>£126.5 billion</td>
</tr>
<tr>
<td>10 year dividend per share</td>
<td>3,326 pence</td>
<td>126.5 pence</td>
<td>126.5 pence</td>
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<td>126.5 pence</td>
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<td>126.5 pence</td>
<td>126.5 pence</td>
<td>126.5 pence</td>
</tr>
<tr>
<td>Adjusted profit to revenue ratio</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
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<tr>
<td>Net cash flow</td>
<td>£126.5 billion</td>
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<td>£126.5 billion</td>
</tr>
</tbody>
</table>

#### Our brand performance

- **Express 555 and John Player Gold Leaf.**
- Our brands are sold worldwide.
- In 2011 they provided around 35 per cent of Group revenue.

#### Our sustainability goals

- **Harm reduction**
  - We will set challenging targets to reduce the overall risk for consumers and the public health impacts of our products.
  - We will ensure that our products are comprehensively tested for health impacts.
  - We will engage and support stakeholders in our efforts.
  - We will develop and evaluate reduced-risk products.

- **Marketplace**
  - We will work with our competitors to develop new technologies.
  - We will work with authorities to help address the illegal tobacco trade.
  - We will strengthen international standards.
  - We will invest in efficient technologies.

- **Environment**
  - We will reduce our environmental footprint.
  - We will focus on water, energy and biodiversity.
  - We will reduce risks and invent new technologies to reduce the impact of our operations.

- **People and culture**
  - We will continue to improve our sustainability performance.
  - We will continue to improve our sustainability performance.
  - We will continue to improve our sustainability performance.

#### Biodiversity Partnership

- We are working with stakeholders to develop frameworks and reduce the risks from our operations.

- **Marketplace**
  - We are collaborating with the health community to develop the frameworks.
  - We are exploring new technologies to reduce the impact of our operations.

- **Environment**
  - We are focusing on water, energy and biodiversity.
  - We are focusing on water, energy and biodiversity.
  - We are focusing on water, energy and biodiversity.

- **People and culture**
  - We are focusing on water, energy and biodiversity.
  - We are focusing on water, energy and biodiversity.
  - We are focusing on water, energy and biodiversity.

#### Supply chain

- We are working to improve our sustainability performance.
- We are continuing to improve our sustainability performance.
- We are continuing to improve our sustainability performance.

#### People and culture

- We are working to improve our sustainability performance.
- We are working to improve our sustainability performance.
- We are working to improve our sustainability performance.

#### Like to know more?

- Visit our [sustainability](www.bat.com/sustainability) page to learn more about all our long-term goals and our work in 2011 in covering harm reduction, marketplace, environment, workplace and health.
- Visit our [Science](www.bat-science.com) page to learn more about all our long-term goals and our work in 2011 in covering harm reduction, marketplace, environment, workplace and health.
- Visit our [Careers](www.bat-careers.com) page to learn more about all our long-term goals and our work in 2011 in covering harm reduction, marketplace, environment, workplace and health.

#### Results at a glance

- Gross turnover (including profit and loss) (£million): 2011 - £143.6 billion
- Adjusted profit (pence): 2011 - 66.2 billion
- Profit from operations: 2011 - 47.0 billion
- Total shareholder return: 2011 - 25.4%
From the Chairman

Dear shareholder

This has been a very successful year for your Company and we carry forward momentum into 2012.

O ur r e s u l t s

Our results for the year are driven by increasing returns to the markets we serve, the roll-out of product and packaging innovations, enhanced by the successful market share growth of our brands, and margin improvement into 2012. 

The economic climate around the world is far from settled but we carry forward our/our industry. Again this year, we have been recognised as leaders in our/our strong reputation for corporate social responsibility. Over the years we have built a strong relationship with our stakeholders.

Our results for the year are driven by increasing returns to the markets we serve, the roll-out of product and packaging innovations, enhanced by the successful market share growth of our brands, and margin improvement into 2012. 

2011 highlights

Recommenced dividend for the year of 58.5p, up 11 per cent on 2010

Adjusted profit from operations grew by 11 per cent to 194.6p earnings per share on 2010

For the year ended 31 December 2011, adjusted profit from operations rose by 11 per cent to 194.6p earnings per share on 2010.

The Board recommended a dividend for the year of 58.5p per share, up 11 per cent, subject to shareholder approval.

Increased returns to shareholders on the branch register in sterling except for those who have requested payment in rand; applicable exchange rate and rate of exchange for that date as quoted on www.bat.com/ar2011

References in this publication to ‘British American Tobacco’, ‘we’, ‘us’, ‘our’ when denoting opinion refer to British American Tobacco p.l.c., its subsidiaries and companies, collectively or individually as the case may be.

From the Chairman

2011 has been a very successful year for your Company and we carry forward momentum into 2012.

An increase of 11 per cent on last year, dividend for the year to 126.5p, an increase of 11 per cent on last year, represents a dividend for the year of 126.5p, an increase of 11 per cent on last year.

This is reflected in adjusted diluted earnings per share for 2011 improving by 10 per cent, or by 10 per cent at constant currency rates, revenue grew by 7 per cent on organic basis.

Revenue growth, an improved earnings per share for 2011 improving by 10 per cent, or by 10 per cent at constant currency rates, revenue grew by 7 per cent on organic basis.

This has been a very successful year for your Company and we carry forward momentum into 2012.

The annual dividend for the year to 126.5p, an increase of 11 per cent on last year, represents a dividend for the year of 126.5p, an increase of 11 per cent on last year.

This reflects in adjusted diluted earnings per share for 2011 improving by 10 per cent, or by 10 per cent at constant currency rates, revenue grew by 7 per cent on organic basis.

Our results for the year are driven by increasing returns to the markets we serve, the roll-out of product and packaging innovations, enhanced by the successful market share growth of our brands, and margin improvement into 2012.

From the Chairman

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This has been a very successful year for your Company and we carry forward momentum into 2012.
Results at a glance

Organic revenue includes revenue from geographical growth, geographical rationalisation, volume growth and mix, continuing to benefit from the range of initiatives implemented under the Global Drive Brands strategy. Our strategic partnerships for the growth of our business will continue to yield further benefits from 2012.

Organic growth is the growth after adjusting for mergers and acquisitions and discontinued activities. Adjustments are made to current and prior year results of our acquisitions and disposals.

Gross turnover (including constant exchange rates) includes the impact of foreign exchange movements and the impact of changes in realised exchange rates on our foreign currency denominated revenues.

Total shareholder return is a measure of the total returns to shareholders. It incorporates the impact of dividends and share price movements. The FTSE 100 comparison is based on three months’ average values for the year ended 31 December 2011.

British American Tobacco

Cigarettes sold

Global Drive Brands 2011

Number of markets

2010: 26
2011: 54

Number of employees

2010: 57,302
2011: 56,291

Cigarettes sold (billion)

British American Tobacco

Performance Summary 2011

• Investing
• Marketing
• Supply chain
• People and culture
• Harm reduction
• Environment
• Sustainable business practice

Harm reduction

Our long-term harm reduction goal: to significantly reduce the impact of our business on the key drivers of the major public health problems associated with the use of tobacco: addiction, health impacts of personal and second-hand smoke, and environmental impacts in tobacco-growing areas. We are developing a comprehensive set of strategies to achieve this goal.

We are planning for the future

In addition to harm reduction, we are focused on our strategic initiatives to improve our business performance in terms of financial and non-financial measures. Our focus is on growing organic revenue, improving operational efficiency and enhancing the value of our brands.

We are preparing for the future

We have now set out our strategic priorities for the next three years, which will guide our decision making and resource allocation. These priorities are aligned with our strategic initiatives and will help us to achieve our long-term objectives.

We will continue to invest in efficient technologies.

Like to know more?

www.bat-science.com
www.bat.com/sustainability

Our brand performance

British American Tobacco

Gross turnover (£million)

Dunhill

15,453

Kent

15,399

Pall Mall

15,399

Dunhill

15,453

Pall Mall

46,123

15,399

4,721

5,519

132.5

25.4%

126.5

Our sustainability goals

Corporate responsibility is key to positioning our business for the future. We will continue to build partnerships with our stakeholders to ensure that we are developing sustainable solutions to meet the needs of the future.

Our sustainability goals include:

• Sustainability is at the heart of the way we operate and will be reflected in all our strategies.
• We will continue to invest in efficient technologies.
• We will take a lead in upholding high standards of harm reduction, marketplace, environment and culture.
• We will continue to support our stakeholders in achieving their sustainability goals.
• We will continue to work with our stakeholders to develop new and innovative approaches to sustainability.

Supply chain

We are focusing on supply chain strategies that will help to deliver better performance and value for the business, for our shareholders and for the environment.

We are preparing for the future

We are preparing for the future by investing in efficient technologies. This will help to reduce our environmental impacts and improve our business performance.

We will continue to work on improving our environmental performance.

Like to know more?

www.bat.com/sustainability

Healthy, happy, sustainable futures

Our vision is to create healthy, happy, sustainable futures for our stakeholders and the communities in which we operate.

Our approach to sustainability

We will continue to work on improving our environmental performance.

www.bat.com/sustainability

Our Global Drive Brands are Dunhill, Kent, Lucky Strike and Pall Mall, and in 2011 they provided around 35 per cent of Group revenue (including constant exchange rates).

Like to know more? www.bat.com/sustainability

Gross turnover (£million)

Dunhill

15,453

15,399

4,721

5,519

132.5

25.4%

126.5

Like to know more?

www.bat.com/sustainability
Performance Summary 2011

Our regional results

From the Chairman

Dear shareholder

This has been a very successful year for your Company. Earnings per share for 2011 improved by 11 per cent on an organic basis. Adjusted profit from operations rose by 8 per cent, reflecting improved margins and strong volume growth. Marketing investments have been wisely targeted at our leading brands, enhanced by the roll-out of new products and improved marketing and sales execution. A new integrated approach to sales and marketing has been driving stronger sales growth and higher volumes across our global portfolio. Our results for the year are driven by performance in Europe, rising by 12 per cent, in Asia-Pacific, up 14 per cent, and in the Americas, increasing by 17 per cent.

We have<div>our regional results</div>dividend of 88.4p per share, which represented 65 per cent of earnings in dividends. The Board has recommended a final dividend of 126.5p, up 11 per cent on 2010, which will be paid in the form of a interim dividend of 52.5p on 23 February 2012, with the balance due on 23 March 2012. In the US, the dividend is payable in sterling except for those shareholders on the branch register in South Africa whose dividends are payable in rand; applicable exchange rate and closing rate for that date as quoted on Bloomberg), results in an equivalent final closing rate for that date as quoted on Bloomberg. Payments in sterling will be made to Intermediaries in London and shareholders in the US will have the option of receiving their dividends in sterling or rand. Dividends payable in sterling can be dematerialised or rematerialised between the UK main register and the register of the JSE (Share Code: BTI) and no removal requests in either direction will be permitted.

We remain confident that our strategy focused on delivering growth and share growth and margin improvement into 2012. Continued success in this Performance Summary. 2011 highlights

2011 has been a very successful year for your Company and we carry forward the momentum in market share growth and margin improvement into 2012.

Cautionary statement:

References in this publication to 'British American Tobacco', 'we', 'us', 'our' when denoting opinion refer to British American Tobacco p.l.c., you should send this document to the bank,

52/00A0per cent of earnings in dividends.

Please be aware that as a result of market conditions, we cannot provide a defi nitive forecast for 2012. The uncertainty of such conditions defies the ability to make reliable forecasts. At this stage of the year, the uncertainties facing the Group, as would be provided by the half-year report, remain significant and future earnings may be defi nitely affected by the outcome.

For further information, please refer to the Half-Yearly Report and Interim Management Statement which are both available online. You will find all the information necessary to allow for as full an understanding of the results of the Group and the state of affairs of the Group, and the principal risks and uncertainties facing the Group, as would be provided by the Annual Report. The Performance Summary is provided for information only and is not intended to be a substitute for the Annual Report on www.bat.com or obtain a hard copy free of charge. If you have sold or transferred all your shares in British American Tobacco p.l.c. you should send this document to the bank, institutional share registrar on 2010.

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www.bat.com/ar2011

Read the full Annual Report at

Performance Summary 2011

Facts

• 2011 has been a very successful year for your Company and we carry forward the momentum in market share growth and margin improvement into 2012.

• 2011 highlights

• Continued success

• Advice and corporate governance

• Recommended dividend for the year of 52.5p, up 11 per cent on 2010
Our brand performance

<table>
<thead>
<tr>
<th>Branch</th>
<th>Number of branches in 2010</th>
<th>Number of branches in 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lucky Strike</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Pall Mall</td>
<td>81</td>
<td>81</td>
</tr>
<tr>
<td>Kent</td>
<td>67</td>
<td>67</td>
</tr>
<tr>
<td>Dunhill</td>
<td>48</td>
<td>48</td>
</tr>
</tbody>
</table>

Results at a glance

<table>
<thead>
<tr>
<th>Gross turnover (including duty, excise and other taxes)</th>
<th>British American Tobacco</th>
</tr>
</thead>
<tbody>
<tr>
<td>£15,399 billion</td>
<td>£46,123 (pence)</td>
</tr>
<tr>
<td>£25.4%</td>
<td>£25.4%</td>
</tr>
<tr>
<td>£46,123 (pence)</td>
<td>£46,123 (pence)</td>
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<tr>
<td>£55.9</td>
<td>£55.9</td>
</tr>
<tr>
<td>£46,123 (pence)</td>
<td>£46,123 (pence)</td>
</tr>
</tbody>
</table>

Our sustainability goals

- **Harm reduction**
  - We will strive to bring commercially viable, consumer preferred reduced-risk products for those adults who choose to continue to use tobacco products.
  - We will assess the evidence of potential health impacts resulting from the use of these products.

- **Supply chain**
  - We will work with our suppliers and growers to strengthen our approach to climate change.
  - We will continue to reduce our carbon footprint and aim to be carbon neutral by 2020.

- **People and culture**
  - We will empower our colleagues to lead by example, inspire change, and drive our sustainability agenda.

- **Environment**
  - We will work to reduce the environmental impact of our operations.

- **Marketing**
  - We will not target young people.

- **Leadership**
  - We will strive to bring commercially viable, consumer preferred reduced-risk products for those adults who choose to continue to use tobacco products.

Like to know more? visit www.bat.com/ar2011
**Our brand performance**

- 15,453 (£million) Revenue
- 194.6 (pence) Dividends per share
- 114.2 (£billion) Free cash flow

**Volume growth**

- British American Tobacco: +11%
- Pall Mall: 25.4%

**Median 13.7%**

**Performance Summary 2011**

- 30% of UK market share
- 30% of UK market share
- 30% of UK market share

**Our sustainability goals**

- **Working to improve health outcomes**
  - 100% of our products meet the highest performance standards for health and environmental impact

- **Ongoing harm reduction**
  - 100% of our products meet the highest performance standards for health and environmental impact

- **People and culture**
  - 100% of our products meet the highest performance standards for health and environmental impact

- **Supply chain**
  - 100% of our products meet the highest performance standards for health and environmental impact

- **Biodiversity**
  - 100% of our products meet the highest performance standards for health and environmental impact

- **Climate**
  - 100% of our products meet the highest performance standards for health and environmental impact

- **Water**
  - 100% of our products meet the highest performance standards for health and environmental impact

- **Energy**
  - 100% of our products meet the highest performance standards for health and environmental impact

**Additional information**

- **British American Tobacco**
  - 4,721 (£million) Gross turnover (including from operations)
  - 81% Median 13.7%

- **Pall Mall**
  - 4,721 (£million) Gross turnover (including from operations)
  - 81% Median 13.7%

**Key performance indicators**

- **Global Share Brand Wins**
  - 200+

- **Volume growth**
  - Pall Mall: 25.4%
  - Dunhill: 60+

- **Number of markets**
  - Pall Mall: 67
  - Dunhill: 75+

- **Cigarettes sold**
  - Pall Mall: 48 billion
  - Dunhill: 30 billion

**Our long-term harm reduction goal:**

- To develop and bring to market a range of reduced-risk products for those adults who smoke and want to quit, and to continue to develop appropriate new technologies.

**Our long-term sustainability goal:**

- To improve health outcomes, reduce our environmental footprint, and improve the livelihoods of our farming partners, while ensuring we operate responsibly.

**Our long-term people and culture goal:**

- To continue investing in our people, culture and innovation in order to achieve our goals.

**Our long-term supply chain goal:**

- To continue investing in our people, culture and innovation in order to achieve our goals.

**Our long-term biodiversity goal:**

- To continue investing in our people, culture and innovation in order to achieve our goals.

**Our long-term climate goal:**

- To continue investing in our people, culture and innovation in order to achieve our goals.

**Our long-term water goal:**

- To continue investing in our people, culture and innovation in order to achieve our goals.

**Our long-term energy goal:**

- To continue investing in our people, culture and innovation in order to achieve our goals.

**Our long-term biodiversity goal:**

- To continue investing in our people, culture and innovation in order to achieve our goals.

**Our long-term climate goal:**

- To continue investing in our people, culture and innovation in order to achieve our goals.

**Our long-term water goal:**

- To continue investing in our people, culture and innovation in order to achieve our goals.

**Our long-term energy goal:**

- To continue investing in our people, culture and innovation in order to achieve our goals.
Our brand performance

Our Global Cigarette Brands are Dunhill, Kent and Pall Mall. In 2011 they increased market share in all major regions except Europe. They grew volumes in the US, Northern Europe, Eastern Europe, China and Japan. Pall Mall and Kent are the third and fourth largest global cigarette brands respectively in terms of paid sales. Pall Mall achieved volume growth of 11% in 2011, driven by the introduction of Pall Mall Gold in key markets including North America, China and Japan.

Our sustainability goals

Our Group’s responsibility strategy is designed to help us achieve a sustainable future through:

- Promoting our commitment to harm reduction
- Promoting more sustainable tobacco growing
- Building our capability to influence the environment
- Strengthening our values and our culture
- Rebuilding our capabilities, succession plans and workforce health, safety and well-being
- Reducing our direct and indirect environmental impacts

Our sustainability agenda comprises five goals: social, environmental and economic impacts, we build:

- A business model that delivers sustainable profits and value
- A forward-looking approach to risk management
- A responsible production, supply chain and innovation model
- A people and culture model that supports talent management and succession planning
- A communications model that aims to help build understanding and engagement

Our long-term sustainability goals:

- To be a leader in social responsibility
- To be a leader in environmental sustainability
- To be a leader in supply chain sustainability
- To be a leader in risk management
- To be a leader in employee engagement
- To be a leader in communications

Our long-term marketplace goal:

- To grow market share but we do this responsibly through innovative products and packaging.

Our long-term corporate governance goal:

- To reduce our carbon footprint by encouraging sustainable agriculture.

Our long-term people and culture goal:

- To reduce the number of our smokers and support their quitting.

Like to know more?

www.bat-science.com
Dear shareholder,

This has been a very successful year for your Company and we carry forward a strong reputation for corporate social responsibility and sustainability.

2011 has been a very successful year for your Company and we carry forward a strong reputation for corporate social responsibility and sustainability.

Our results for the year are driven by our focus on increasing returns to shareholders, returning results to shareholders.

Revenue rose by 22% to £3,558m in 2011 compared with £2,908m in 2010, representing 11% growth before the impact of exchange rate changes of 6%.

The Board has recommended a final dividend of 88.4p per share, which, combined with the interim dividend of 44.2p per share, makes a total dividend for the year of 132.6p per share.

The Board has recommended a final dividend of 88.4p per share, which, combined with the interim dividend of 44.2p per share, makes a total dividend for the year of 132.6p per share.

This is reflected in adjusted diluted earnings per share for 2011 improving by 25% to 135p compared with 108p in 2010.

Our performance on a geographical basis is set out below:

<table>
<thead>
<tr>
<th>Region</th>
<th>Total Sales (£m)</th>
<th>Adjusted Profit (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New World</td>
<td>3,558</td>
<td>3,600</td>
</tr>
<tr>
<td>Americas</td>
<td>3,558</td>
<td>3,600</td>
</tr>
<tr>
<td>Europe</td>
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In 2011, some 28 million shares were bought back for approximately £55m, excluding transaction costs.

A continuation of the share buy-back programme in 2011.

Richard Burrows

From the Chairman

2011 has been a very successful year for your Company and we carry forward a strong reputation for corporate social responsibility and sustainability.

Our results for the year are driven by our focus on increasing returns to shareholders, returning results to shareholders.

Revenue rose by 22% to £3,558m in 2011 compared with £2,908m in 2010, representing 11% growth before the impact of exchange rate changes of 6%.

The Board has recommended a final dividend of 88.4p per share, which, combined with the interim dividend of 44.2p per share, makes a total dividend for the year of 132.6p per share.

This is reflected in adjusted diluted earnings per share for 2011 improving by 25% to 135p compared with 108p in 2010.

Our performance on a geographical basis is set out below:

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Dear shareholder,

2011 has been a very successful year for your Company and we carry our responsibility and sustainability and the state of affairs of the Group, and the principal risks and uncertainties to British American Tobacco p.l.c.’s 2011 Annual Report. The Performance Summary has been recognised as leaders in our Annual Report and they are an introduction to and in conjunction with, British American Tobacco.

In 2011, some 28 million shares were repurchased at a value of £1.25 billion has been a continuation of the share buy-back programme. In 2010, some 10 million shares were repurchased at a value of £750 million, at a price of £75 per share. This 2011, some 28 million shares were repurchased at a price of £24 per share. The effect of this share buy-back is that we have maintained our target of paying out 7/10 per cent on an organic basis.

Our results for the year are driven by market share growth due to our successful brands, enhanced by the roll-out of operating margin, and growth in product and packaging innovations. As a result, constant currency exchange rates, revenue rose by 7 per cent on an organic basis.

Adjusted profit from operations grew by 11 per cent to 194.6p. This growth in our business and the performance of our brands, has increased returns to shareholders on the South African branch register will not be permitted between 23 February to 9 March 2012 (inclusive), from the commencement of trading on 21 February 2012 (conversion date – 21 February 2012) – P.O. Box 61051, Marshalltown 2107, South Africa Registrar

2010: 188

143

135

236

2010: 26%

2010: 25%

2010: 188

143

135

236

26%

23%

23%

28%

Americas

Asia-Pacific

Europe

Americas

Asia-Pacific

Europe

Americas

Asia-Pacific

Europe

Revenue

Volume

Share of Group revenue

2010: 26%

2010: 26%

2010: 26%

2010: 26%

2010: 26%

2010: 26%

2010: 26%

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2010: 26%

2010: 26%

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