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This document should be read as a whole.

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

NOTICE OF ANNUAL GENERAL MEETING 2011

**to be held at The Mermaid Conference & Events Centre,
Puddle Dock, Blackfriars, London EC4V 3DB
on Thursday 28 April 2011 at 11.30am**

The Notice of the Annual General Meeting is set out on pages 9 to 11.

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

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LETTER FROM THE CHAIRMAN

Globe House
4 Temple Place
London
WC2R 2PG

28 March 2011

Dear Shareholder

Annual General Meeting

Introduction

The 2011 Annual General Meeting of British American Tobacco p.l.c. (the “Meeting” or the “AGM”) will be held at 11.30am on Thursday 28 April at The Mermaid Conference & Events Centre, Puddle Dock, Blackfriars, London EC4V 3DB and I am looking forward to seeing many of you there once again this year.

The Notice of Meeting is set out on pages 9 to 11 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 once again be conducted by way of a poll using the registrar’s electronic voting system, known as Express Meeting Plus, a summary of which is given on page A-5.

Explanation of the AGM Resolutions

The following paragraphs explain, in summary, the Resolutions to be proposed at the Meeting and give comprehensive biographical details and related information about the Directors proposed for re-election and election.

Resolution 1: Receipt of the 2010 Report and Accounts

The Directors of the Company must present their report and the annual accounts to the Meeting and shareholders may raise any questions on the report and accounts under this Resolution.

Resolution 2: Approval of the 2010 Remuneration Report

The Remuneration Report for the year ended 31 December 2010 has been prepared and is laid before the Meeting for approval by shareholders in accordance with section 439 of the Companies Act 2006 (the “2006 Act”). The vote is advisory and does not affect the actual remuneration paid to any individual Director. You can find the full

Remuneration Report in the Annual Report 2010. Please refer to Appendix 6 for details of how to obtain that document and other British American Tobacco publications.

Resolution 3: Declaration of the final dividend for 2010

A final dividend can be paid only after it has been approved by the shareholders. A final dividend of 81.0p per ordinary share for the year ended 31 December 2010 is recommended by the Directors for payment to shareholders who were on the main register and/or the South African branch register as at the close of business on 11 March 2011.

If approved, the final dividend will be paid on 5 May 2011.

Resolution 4: Reappointment of the Auditors

The Company is required to appoint Auditors at each general meeting at which accounts are laid before the Company, to hold office until the conclusion of the next such meeting. This Resolution, on the Audit Committee's recommendation, proposes the reappointment of PricewaterhouseCoopers LLP as Auditors of the Company.

Resolution 5: Authority for the Directors to agree the Auditors' remuneration

This Resolution authorises the Directors, in accordance with standard practice, to set the remuneration of the Auditors. In accordance with its terms of reference, the Audit Committee will approve the terms of engagement and the level of audit fees payable by the Company to the Auditors and recommend them to the Board.

Resolutions 6 to 14: Re-election of Directors

Resolutions 15 and 16: Election of Directors appointed since the last Annual General Meeting

In accordance with provision B.7.1 of the new UK Corporate Governance Code (the "Governance Code") published in June 2010, all directors of FTSE 350 companies should be subject to election or re-election by their shareholders every year. The Governance Code applies on a "comply or explain" basis and applies to financial years beginning on or after 29 June 2010.

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 for reappointment. Accordingly, Kieran Poynter, who joined the Board as a Non-Executive Director on 1 July 2010, and John Daly, who was appointed an Executive Director and Chief Operating Officer with effect from 1 September 2010, will retire at the Meeting and will seek election.

In a change to its previous practice and to meet the requirements of the Governance Code, all of the Board is standing for re-election or, in the case of Kieran Poynter and John Daly, election for the first time at this year's AGM. Separate Resolutions will be proposed for all of the re-elections and elections.

Resolution 6: Richard Burrows (Irish)

Chairman

Richard Burrows has been a Director since September 2009 and Chairman since November 2009. Richard's executive career has been with Irish Distillers, where he was Chief Executive from 1978-2000 and at Pernod Ricard, where he was Co-Chief Executive from 2000-2005, based in Paris. His current non-executive roles include Rentokil Initial and Carlsberg. He was Governor of the Bank of Ireland from 2005 until 2009. Richard is a member of the Trilateral Commission which fosters closer co-operation among democratic industrialised nations and has also served as President of the Irish Business and Employers Confederation, Chairman of the National Development Corporation and Chairman of the Scotch Whisky Association. He is Chairman of the Nominations Committee. (65) N

Resolution 7: Karen de Segundo (Dutch)

Non-Executive Director

Karen de Segundo was appointed a Director in 2007. She joined Shell in 1971 and gained valuable experience in senior executive roles in several countries before retiring as CEO Shell International Renewables and President Shell Hydrogen in 2005. Karen is currently a Non-Executive Director of Lonmin plc, Ensus Holdings Limited,

E.ON AG, Pöyry Oyj and Royal Ahold NV. She is a Council Member of the Anglo Netherlands Society. She is Chair of the Corporate Social Responsibility Committee. (64) C, N, R

Resolution 8: Nicandro Durante (Brazilian/Italian)

Chief Executive

Nicandro Durante became Chief Executive on 1 March 2011 having been Chief Executive Designate since 1 September 2010. He was appointed an Executive Director and Chief Operating Officer in 2008 having previously been Regional Director for Africa and Middle East and a member of the Management Board since 2006. He has also held senior general management roles in Brazil (including President of Souza Cruz) and also in the UK and Hong Kong. Nicandro holds degrees in finance, economics and business administration and he has wide experience in senior international finance and management roles having joined the British American Tobacco Group (the “Group”) in 1981. (54)

Resolution 9: Robert Lerwill (British)

Non-Executive Director

Robert Lerwill was appointed a Director in 2005. He is currently Chairman of Synergy Health plc and a Non-Executive Director of Transcom Worldwide S.A. Robert is a chartered accountant. He was formerly a Director of Cable & Wireless plc and WPP Group PLC where he was instrumental in developing and managing major international businesses for both companies. Robert also served as Chief Executive of Aegis Group plc until 2008. He is Chairman of the Audit Committee. (59) A, N, R

Resolution 10: Christine Morin-Postel (French)

Non-Executive Director

Christine Morin-Postel was appointed a Director in 2007. She previously held a number of executive positions including 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. before her retirement in 2003. Christine, is currently a Non-Executive Director of Royal Dutch Shell PLC, EXOR S.p.A. (Italy) and 3i Group plc. (64) A, N, R

Resolution 11: Gerry Murphy (Irish)

Non-Executive Director

Gerry Murphy was appointed a Director in 2009. He is a Senior Managing Director at The Blackstone Group having previously been Chief Executive Officer of Kingfisher plc, Carlton Communications plc, Exel plc (formerly NFC plc) and Greencore Group plc. His earlier career included various management roles at Grand Metropolitan plc (now Diageo plc) in Ireland, the UK and the US. Gerry’s previous non-executive appointments have included Reckitt Benckiser plc, Abbey National plc, Novar plc and PJ Carroll Holdings plc, an Irish subsidiary of British American Tobacco. (55) C, N, R

Resolution 12: Anthony Ruys (Dutch)

Non-Executive Director

Anthony was appointed a Director in 2006 and serves as Chairman of the Remuneration Committee. He is a member of the Supervisory Boards of the Rijksmuseum and JANIVO Holdings BV (NL) and is a Director of Lottomatica S.p.A. (Italy). Anthony worked at Unilever for nearly 20 years before joining Heineken in 1993 as a member of its Executive Board, becoming Vice Chairman in 1996 and Chairman in 2002, before retiring in 2005. In 2009 he was appointed a Non-Executive Director of the Group’s Indian associate, ITC Limited, and, also in 2009, he became Chairman of the Supervisory Board of NV Luchthaven Schiphol (NL). (63) A, N, R

Resolution 13: Sir Nicholas Scheele (British/US)

Senior Independent Director

Sir Nick Scheele was appointed a Director in 2005 and became Senior Independent Director in 2008. Nick was President and Chief Operating Officer of Ford Motor Company until his retirement in 2005. He was Chancellor of Warwick University from 2002 until 2008. Nick is Chairman of The Cambridge-MIT Institute, Key Safety Systems, Inc. (USA) and Global Metalsa SA de CV (Mexico) and a Director of Grupo Proeza (Mexico). He was knighted in 2001 for services to British exports. (67) A, N, R

Resolution 14: Ben Stevens (British)

Finance Director and Chief Information Officer

Ben Stevens has been Finance Director since 2008 and took on the additional role of Chief Information Officer in September 2010. Ben was appointed to the Management Board in 2001 as Development Director and as Director, Europe in 2004. Ben is a graduate of Manchester University and the Manchester Business School in the UK and, since joining British American Tobacco in 1990, has held a number of senior finance and general management roles around the world including Head of Merger Integration following the merger with Rothmans and Chairman and Managing Director of the Pakistan Tobacco Company and Managing Director of British American Tobacco Russia. (51)

Resolution 15: John Daly (Irish)

Chief Operating Officer

John Daly was appointed an Executive Director and Chief Operating Officer on 1 September 2010. John was originally appointed to the Management Board as Regional Director for Asia-Pacific in October 2004. He joined Rothmans International's Irish subsidiary, P.J. Carroll and Company Limited as Marketing Director in 1994 having previously held senior marketing positions in the pharmaceutical industry. He was appointed a Director of the Group's associate company, Reynolds American Inc., in December 2010 and, following the departure of the Group Human Resources Director, John also assumed temporary responsibility for that function from 1 March 2011. John holds a Diploma in Marketing from the Institute of Marketing (UK) and an International MBA from University College, Dublin and, since joining the Group, has held a number of senior management roles in Europe and the Far East including Area Director for the Middle East and North Africa in 2001. (54)

The Board considers that John Daly's wide range of knowledge and experience of the Group's markets over a number of years makes him well-suited to the role of Chief Operating Officer in succession to Nicandro Durante who has become Chief Executive. The Board therefore recommends his election to shareholders.

Resolution 16: Kieran Poynter (British)

Non-Executive Director

Kieran Poynter was appointed a Non-Executive Director on 1 July 2010. He is a Non-Executive Director of Nomura International PLC, F&C Asset Management PLC and The Royal Automobile Club Limited and has served on the President's Committee of the Confederation of British Industry. He became a Non-Executive Director of International Consolidated Airlines Group S.A. in September 2010. Kieran, a chartered accountant, retired as Chairman and Senior Partner of PricewaterhouseCoopers LLP (the Company's auditors) in 2008 after 37 years with the firm during which time he led the successful integration of Price Waterhouse and Coopers & Lybrand following their merger in 1998. (60) C, N

Kieran Poynter's retirement from PricewaterhouseCoopers on 30 June 2008 was two years prior to his appointment to the Board. The Board specifically considered, prior to his appointment, whether his previous position with PricewaterhouseCoopers might impact upon his independence in light of Combined Code provision A.3.1 (B.1.1 of the Governance Code), which identifies, as one of the circumstances which are likely, or could appear, to affect a director's judgement, any material business relationship with the Company within the previous three years.

The Board took into account that Kieran Poynter had neither worked with the Group nor had any responsibility for the British American Tobacco account as Audit partner or otherwise during his time with the firm. Given the size and scale of PricewaterhouseCoopers, as a global professional services firm, and the fact that it works with a great many businesses, the Board concluded that, in the absence of direct involvement in the Company's business, his association with the firm up to June 2008 was no impediment to its assessment of him as independent in June 2010. Mindful, however, that this could be an area of concern for shareholders, the Board decided to appoint him to the Nominations and Corporate Social Responsibility Committees only at this time. He is not currently a member of either the Audit Committee or the Remuneration Committee.

The Directors consider that Kieran Poynter's long and distinguished career at PricewaterhouseCoopers coupled with his deep knowledge of the City will bring both additional financial expertise and strength to the Board. The Board therefore recommends his election to shareholders.

Board Committees

Committee membership of the Directors subject to re-election or election referred to above is indicated thus:

A Audit

C Corporate Social Responsibility

N Nominations

R Remuneration

Performance evaluation

In addition to the formal externally facilitated Board evaluation process reported in detail in the Company's Annual Report, the Chairman also discusses the effectiveness and performance of Directors immediately before they make themselves available for re-election. With reference to the requirements of provision A.7.2 of the Combined Code (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 2010 in the case of Robert Lerwill and Sir Nicholas Scheele, both of whom will have served in excess of six years at the date of the Meeting. Additional service beyond six years is reviewed annually.

Further, it is confirmed that, in addition to the breadth of expertise and experience illustrated by the Directors' biographical notes above, the performance of all of the Directors (Executive and Non-Executive) being proposed for re-election or election continues to be effective and that 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 6-16.

The Board is actively seeking one or more further Non-Executive appointments as part of its programme to ensure that Board membership is progressively refreshed. Its success in doing so 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 as at 2011 AGM (Years/Months)</u>
Karen de Segundo	1 October 2007	3.7
Robert Lerwill	1 January 2005	6.4
Ana Maria Llopis ¹	24 February 2003	8.2
Christine Morin-Postel	1 October 2007	3.7
Gerry Murphy	13 March 2009	2.1
Kieran Poynter	1 July 2010	0.10
Anthony Ruys	1 March 2006	5.2
Sir Nicholas Scheele	28 February 2005	6.2

Note:

1. Ana Maria Llopis will retire as a Non-Executive Director at the conclusion of the 2011 Annual General Meeting.

Resolution 17: Renewal of the Directors' authority to allot shares

Resolution 18: 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 28 April 2010:

- (a) authority under section 551 of the 2006 Act to allot relevant securities up to the amount representing one-third of the Company's then issued ordinary share capital (excluding treasury shares) (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.

Since December 2008, the Association of British Insurers (“ABI”) has had in place guidelines on Directors’ authority to allot shares. These guidelines state that ABI 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 £332,365,288 representing the guideline limit of approximately 66% of the Company’s issued ordinary share capital (excluding treasury shares) as at 18 March 2011 (the latest practicable date prior to publication of this letter). Of this amount £166,182,644, representing approximately 33% 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 17 will expire at the conclusion of the 2012 Annual General Meeting unless previously revoked, varied or extended by the Company in general meeting. The Company held 31,735,054 ordinary shares in treasury, representing 1.56% of the issued ordinary share capital of the Company as at the close of business on 18 March 2011 (the latest practicable date prior to publication of this letter).

Resolution 18 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 17 above or by way of sale of treasury shares without complying with the pre-emption rights in the 2006 Act in certain circumstances. In the light of the ABI guidelines described in relation to Resolution 17 above, this authority will permit the Directors to allot:

- (a) shares up to a nominal amount of £332,365,288, 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 £166,182,644, 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 £24,927,396, representing approximately 5% of the issued ordinary share capital of the Company (excluding treasury shares) as at 18 March 2011 (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.

The authority contained in Resolution 18 will expire at the conclusion of the 2012 Annual General Meeting or upon the earlier expiry of the allotment authority proposed in Resolution 17.

Resolution 19: 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.

During the year ended 31 December 2010, the Company made no purchases of its own shares; the Directors having suspended the share buy-back programme until further notice from February 2009. Following the Company’s Preliminary Announcement on 24 February 2011, the Directors reinstated the share buy-back programme on 1 March 2011. This on-market programme of buying back the Company’s ordinary shares of 25p each is being conducted under the authority granted by shareholders at the 2010 Annual General Meeting. This present authority for the Company to purchase its own shares will expire at the 2011 Annual General Meeting.

In this context the Directors are therefore seeking a fresh authority for the Company to purchase its ordinary shares. Resolution 19 seeks to renew the authority given at the Annual General Meeting on 28 April 2010. This special resolution authorises the Company to purchase up to a maximum of 199.4 million ordinary shares, representing approximately 10% of its issued ordinary share capital (excluding treasury shares) as at the close of business on 18 March 2011 (the latest practicable date prior to 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 2012 unless renewed, varied or revoked at that or any earlier general meeting of shareholders. In the opinion of the Directors, the exercise of this authority is likely to result in an increase in the Company's earnings per share and will be in the interests of its shareholders generally.

The Company will have the option either of holding in treasury or cancelling any shares purchased under this authority. Since October 2007, the Company's practice has been 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 capital base. Whilst in treasury no dividends are paid on the shares and they have no voting rights. There is no longer a statutory limit on the percentage of share capital that the Company is permitted to hold as treasury shares. However, in keeping with best practice, 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 18 March 2011 (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 804,422. These rights are equivalent to 0.040% of the issued share capital (excluding treasury shares) as at that date and would represent 0.044% 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 were to be exercised by the Company.

Resolution 20: Authority to amend the British American Tobacco 2007 Long Term Incentive Plan (the "2007 LTIP")

The Directors are seeking shareholders' approval to make amendments to the 2007 LTIP (the "LTIP Amendments"). The LTIP Amendments will change the 2007 LTIP rules: (1) so that no employee may be granted an award under the 2007 LTIP in any financial year over shares worth more than 400% of his/her base salary; and (2) introduce a mechanism under which the Remuneration Committee will be able to reduce unvested LTIP awards to the extent that a previous vesting was based on any material misrepresentation involving an LTIP participant in connection with a prior vested award. The LTIP Amendments are the only proposed changes to the rules of the 2007 LTIP — all other elements of the 2007 LTIP remain unchanged.

In particular, the change in the level of the maximum award under the 2007 LTIP rules is required in order: (1) to enable the award level for the Chief Executive to be increased from 300% of base salary to 400% of base salary (the "LTIP Award Proposal"); and (2) to provide sufficient headroom for increased levels of future awards to other employees under the 2007 LTIP. This follows a comprehensive review during the year of the Company's long-term incentive arrangements with the LTIP Award Proposal also being the subject of an extensive programme of consultation with a number of institutional investors. Further details of the LTIP Amendments, together with the associated LTIP Award Proposal, are set out in the letter from the Chairman of the Remuneration Committee in Appendix 2.

A copy of the amended rules of the 2007 LTIP will be 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. Copies will be available at The Mermaid Conference & Events Centre, Puddle Dock, Blackfriars, London EC4V 3DB on the morning of the Meeting from 11.00am until its conclusion.

Resolution 21: Notice period for General Meetings

Resolution 21 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. Before the introduction of the Companies (Shareholders’ Rights) Regulations 2009 (the “Regulations”) in August 2009, the minimum notice period permitted by the 2006 Act for general meetings (other than public company AGMs) was 14 days. One of the amendments made to the 2006 Act by the Regulations was to increase the minimum notice period for general meetings of listed companies to 21 days, but with an ability to reduce this period back 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 vote by electronic means (including the submission of proxy appointments electronically). 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 2010 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 21 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 21 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 Thursday 28 April 2011 at The Mermaid Conference & Events Centre, Puddle Dock, Blackfriars, London EC4V 3DB to consider and, if thought fit, to pass Resolutions 1 to 17 and 20 as ordinary resolutions and Resolutions 18, 19 and 21 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 2010.

Remuneration Report

2. To receive and approve the Remuneration Report of the Directors for the year ended 31 December 2010.

Dividend

3. To declare a final dividend of 81.0p per ordinary share in respect of the year ended 31 December 2010, payable on 5 May 2011 to shareholders on the register at the close of business on 11 March 2011.

Auditors

4. To reappoint PricewaterhouseCoopers LLP as the Company's Auditors.

Auditors' remuneration

5. To authorise the Directors 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. Robert Lerwill
10. Christine Morin-Postel
11. Gerry Murphy
12. Anthony Ruys
13. Sir Nicholas Scheele
14. Ben Stevens

Directors appointed since the last Annual General Meeting

To elect the following as Directors:

15. John Daly
16. Kieran Poynter

Authority to allot shares

17. 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 £166,182,644; and
 - (b) up to a further aggregate nominal amount of £166,182,644 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 28 July 2012 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

18. 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 17 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 17 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 18) to any person or persons of equity securities up to an aggregate nominal amount of £24,927,396

and shall expire upon the expiry of the general authority conferred by Resolution 17 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

19. 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 199.4 million representing approximately 10% of the issued ordinary share capital of the Company as at 18 March 2011;
 - (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 amend the British American Tobacco 2007 Long Term Incentive Plan

20. That the amendments to, and proposed operation of, the rules of the British American Tobacco 2007 Long Term Incentive Plan as summarised in Appendix 2 to this Notice of Annual General Meeting be and are hereby approved.

Notice period for General Meetings

21. 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

28 March 2011

Registered Office:

Globe House

4 Temple Place

London

WC2R 2PG

Registered in England and Wales No. 3407696

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. It is no longer necessary to nominate a designated corporate representative.

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 African 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 (Pty) 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 (including the Chairman or another Director of the Company) 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 Tuesday 26 April 2011 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 African local time) on Thursday 21 April 2011 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 6ZY
United Kingdom

or
 - (2) by recording the proxy appointment via the internet at 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 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 Tuesday 26 April 2011. This facility is available only to shareholders registered on the main register in the United Kingdom.
16. PFSA's may be lodged by returning a completed PFSA by post to:

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

A completed PFSA may also be lodged by fax to Computershare Investor Services (Pty) Ltd on +27 11 688 5238.

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 (Pty) 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 (main register only) 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). 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 African 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, must complete the voting instruction form and return it no later than the close of business (South African local time) on Thursday 21 April 2011 to:

The Registrar for British American Tobacco p.l.c.
Computershare Investor Services (Pty) 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 (Pty) Ltd on +27 11 688 5238. A voting instruction form lodged after the close of business (South African local time) on Thursday 21 April 2011 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 (Pty) Ltd at the address above or by facsimile to +27 11 688 5238 by the close of business (South African local time) on Thursday 21 April 2011. If facsimile transmission is used the power of attorney must be certified.

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 African local time) on Thursday 21 April 2011 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 21 April 2011. 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 21 April 2011.

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 21 April 2011. 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 21 April 2011.

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 African 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 African branch register, the close of business (South African 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 in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered or if to do so would involve the disclosure of confidential information.

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).
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.

Express Meeting Plus

34. As noted on page 1 of the Chairman’s letter it is proposed that voting at this year’s Annual General Meeting will be conducted by way of a poll using the Computershare Investor Services PLC ‘Express Meeting Plus’ electronic voting system.
35. British American Tobacco has been assured that the Express Meeting Plus service has been the subject of considerable testing by Computershare Investor Services PLC, independent IT security experts and independent auditors. All these groups are satisfied that Express Meeting Plus correctly collects and computes the number of votes registered on a resolution.

36. The following notes summarise the key points for shareholders attending the Meeting and how they can make best use of the Express Meeting Plus system:
- (a) At the registration desks you will be given an electronic handset into which will be inserted a smart card with a unique barcode. This barcode will enable the registrars to link the vote that you give via your electronic handset with your individual shareholding and, consequently, with the number of votes that you have at the Meeting.
 - (b) When instructed by the Chairman you should press the button on your handset corresponding with the way you wish to vote — ‘for’ or ‘against’ or ‘withheld’.
 - (c) When voting you will see a message on your handset confirming that your vote has been received. If you make a mistake you may simply press the correct button; your original vote will be cancelled and superseded by the correct vote. You may do this at any time until the Chairman declares the vote on the resolution is closed. You should note that a ‘vote withheld’ has no legal effect and will count neither for nor against a resolution.
 - (d) A few moments after the Chairman has declared the vote on the resolution closed a provisional result of the poll vote will be displayed in the auditorium showing the total and percentage numbers of shares voted in respect of that resolution. The registrars have to make an audit check at the end of the Meeting so these numbers are necessarily provisional. However, it is likely that they will be strongly indicative of the result. The final summary of the votes cast in respect of each resolution will be calculated at the end of the Meeting and will be released to both the London Stock Exchange and the JSE Limited and published on the Company’s website (www.bat.com) as soon as practicable after the Meeting.



Globe House
4 Temple Place
London
WC2R 2PG

28 March 2011

APPENDIX 2: LETTER FROM THE CHAIRMAN OF THE REMUNERATION COMMITTEE

Dear Shareholder

Introduction

In my capacity as Chairman of British American Tobacco's Remuneration Committee, I am writing to explain the Company's proposal to make certain amendments to the rules of the British American Tobacco 2007 Long Term Incentive Plan (the "2007 LTIP").

For a number of years, the principal objective of the Company's remuneration policy has been to align remuneration with the delivery of the Group's strategy of growth, productivity and the development of a winning organisation that acts responsibly at all times. We continue to see this as the right approach. As a result, relevant business objectives underpin all of the performance measures taking into account both business sustainability and the management of key risks.

The Remuneration Committee is also aware, however, that it needs to be sure that the total remuneration opportunity for the Executive Directors and senior management remains market competitive. To that end, and as indicated last year in the Remuneration Report for the year ended 31 December 2009, a comprehensive review of all elements of senior level remuneration packages was carried out by the Committee's remuneration consultants during 2010. This included consideration of the Group's International Executive Incentive Scheme ("IEIS") and the 2007 LTIP.

Incentive Review: Overview

In undertaking this review, the Remuneration Committee was well aware of the general economic environment in which the Group continues to operate and the continuing strong performance and resilience of the Company in a challenging world. Over the long term, this is reflected in the total shareholder return of the Company of 775% compared to 132% for the FTSE 100 over the ten year period to 31 December 2010. The Company has therefore performed well and the Committee is of the view that the reward structure for the Executive Directors and the members of the Management Board should reflect the quality of that performance within a framework of required motivational targets married to the usual checks and constraints relevant to a leading organisation.

Incentive Review: Outcomes

In this context, our review confirmed that, for the most part, the current remuneration works well. In particular, a single long-term performance scheme — the 2007 LTIP — continues to be appropriate in maintaining the Company's requirement for a simple and transparent, yet effective, incentive scheme. Similarly, the IEIS continues to operate effectively.

However, the Committee believes that these two areas, the 2007 LTIP and IEIS, can be improved further. In particular, the Committee is aware of the calls for remuneration to be increasingly focused towards payment for long-term performance so that the interests of shareholders and senior executives remain fully aligned. The Committee proposed changes which will firmly align reward towards long-term performance, while still remaining market competitive. In particular, it proposed to: (1) increase the maximum annual award under the 2007 LTIP scheme rules from 300% to 500% of annual base salary; (2) consequently increase the annual award to the Chief Executive under the 2007 LTIP to 400% of annual base salary; and (3) reduce the number of common performance measures for the IEIS from six to four for 2011 onwards.

Shareholder Consultation

These proposals have been the subject of an extensive consultation process with key shareholders since the autumn of 2010. As a result of that dialogue and directly responding to issues raised, the Remuneration Committee agreed that: (1) the original proposal for an increase in the maximum annual award under the 2007 LTIP scheme rules from 300% to 500% of annual base salary be revised to 400%, being consistent with the proposed award level for the Chief Executive and with no additional headroom (the “LTIP Award Proposal”); and (2) there should be an increase in the respective percentage amounts of salary that Executive Directors are required to hold under the Company’s shareholding guidelines ie Chief Executive 300% (currently 200%) and Finance Director and Chief Information Officer and the Chief Operating Officer 200% (currently 150%).

In addition, the Remuneration Committee also proposed to introduce a clause into the 2007 LTIP scheme rules giving the Committee the discretion to reduce (or to forfeit entirely) a participant’s unvested LTIP award in circumstances where there has been a material misrepresentation involving the participant in connection with a prior vested award.

The LTIP Amendments and the LTIP Award Proposal

In order for the LTIP Award Proposal to be effected, an amendment is required to the rules of the 2007 LTIP. This change will require approval from shareholders at the Annual General Meeting before the LTIP Award Proposal can be implemented. This amendment will change the 2007 LTIP rules so that no employee may be granted an award under the 2007 LTIP in any financial year over shares worth more than 400% of his/her annual base salary.

The only other proposed change to the rules of the 2007 LTIP is to introduce a mechanism under which the Remuneration Committee will be able to reduce unvested LTIP awards to the extent that a previous vesting was based on any material misrepresentation, which would include errors in, or a misstatement of, the financial results and/or health of the Company, erroneous performance target calculations, or discrepancies in the financial accounts.

Taken together, these two proposed amendments comprise the “LTIP Amendments”; all other elements of the 2007 LTIP remain unchanged.

The current award levels for Executive Directors and Management Board members are set out in the table below and have been applied to awards made under the 2007 LTIP from 2008 to 2010. The current maximum annual award under the rules of the 2007 LTIP is 300% of base salary.

<u>LTIP awards</u>	<u>Multiple of base salary %</u>
Chief Executive	300
Finance Director and Chief Information Officer	250
Chief Operating Officer	250
Management Board	200

The LTIP Award Proposal is for an LTIP award of 400% to be made to the Chief Executive in May 2011. At the same time, the Finance Director and Chief Information Officer and the Chief Operating Officer will receive awards at 300% of base salary. LTIP awards to members of the Management Board will remain at the above level of 200% of base salary and these will also be made in May 2011. Awards to other LTIP participants were made in March 2011 at the same levels as in 2010. In future years, it is anticipated that the timing of awards to all LTIP participants will be aligned to current practice, by being made each March.

These new award levels reflect the key outcome of the incentive review: the re-balancing of total remuneration packages for Executive Directors towards rewarding long-term, sustainable performance. In this context, the Remuneration Committee has also taken into consideration the fact that the base salary of the new Chief Executive has been set lower than that of his predecessor. It is expected that the level of the award under the 2007 LTIP made to the Chief Executive in 2012 will also be at the new maximum of 400% of base salary.

Conclusion

I am pleased with the outcomes of the incentive review. The Remuneration Committee considers that the LTIP Award Proposal outlined above, which I now believe has the support of a significant number of our major shareholders, supports the strategy and success of British American Tobacco and is aligned to shareholders' interests.

We therefore trust that the required LTIP Amendments will receive your support at the Annual General Meeting of the Company on 28 April 2011.

Yours sincerely

Anthony Ruys

Chairman of the Remuneration Committee



APPENDIX 3: NOTIFICATION OF AVAILABILITY OF THE ANNUAL REPORT 2010

Notification of the Availability of the Annual Report 2010

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 letter is to notify you that the Company's Annual Report 2010 is now available online at www.bat.com/annualreport together with copies of this document which contains the Notice of the Annual General Meeting 2011 as well as a Performance Summary 2010 (www.bat.com/AGM).

The Company's Annual Report 2010, the Notice of the Annual General Meeting 2011 and the Performance Summary 2010 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

For a number of years, British American Tobacco has recognised 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.

<p>Submit your email address by visiting the Computershare Investor Services' website: www.investorcentre.co.uk/ecomms</p>

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.

However, we do appreciate that the internet is not for everyone. If you would like to receive all shareholder communications in paper form through the post, you may also elect to make that choice at the Computershare website. Further, paper copies of the Annual Report are available on request, at no charge, by contacting British American Tobacco Publications details of which are given in Appendix 6.

Contact

If you have any questions about electronic communications and/or the receipt of the Documents, please contact Computershare Investor Services on 0800 408 0094 (UK) or +44 870 889 3159.



APPENDIX 4: 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 The Mermaid Conference & Events Centre, Puddle Dock, Blackfriars, London EC4V 3DB on the morning of the Meeting from 11.00am until its conclusion.

Statement of voting rights

2. As at 18 March 2011 (being the latest practicable date prior to publication of this document), the Company's issued share capital consisted of 1,994,191,733 ordinary shares of 25p each with voting rights (the "Voting Rights Figure"). As at 18 March 2011, the Company held 31,735,054 ordinary shares in treasury. The Voting Rights Figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their voting rights interest, or a change to that interest, in the Company under the Disclosure and Transparency Rules of the Financial Services Authority.

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. Any statement placed on the website must also be sent to the Company's Auditors no later than the time it makes its statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the Company has been required to publish on its website.



APPENDIX 5: TRAVEL AND MEETING INFORMATION

The venue for the 2011 Annual General Meeting is The Mermaid Conference & Events Centre, Puddle Dock, Blackfriars, London EC4V 3DB (www.the-mermaid.co.uk).

By underground

Blackfriars underground station is closed. Nearest alternatives: Circle or District lines to Mansion House or Temple; Central line to St Paul's each approximately 15 minutes walk to the Mermaid.

By bus

Blackfriars: 45, 63, 100.
Ludgate Hill: 4, 11, 15, 17, 23, 26, 76, 100, 172.
St Paul's Cathedral: 8, 25, 242.

By train

Blackfriars mainline station is open.

By car

From the Embankment easy access to the Corporation of London 24-hour 300 space car park beside the venue. This is within the 'Congestion Charge' area.

Information

You are advised to obtain up-to-date travel information from Transport for London at www.tfl.gov.uk (tel: 020 7222 1234) before you travel.

At the Meeting

- (1) Refreshments (tea, coffee and biscuits) will be provided before the Meeting from 10.30am on the first floor of the venue.
- (2) 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.
- (3) 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.
- (4) There will be facilities for shareholders who are in wheelchairs. Anybody accompanying a shareholder who is in a wheelchair, or who is otherwise in need of assistance, will be admitted to the Meeting.
- (5) A hearing induction loop will be available for persons who are hard of hearing.



APPENDIX 6: 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 BS13 8AE, UK

tel: 0800 408 0094; +44 870 889 3159

web-based enquiries: 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 (Pty) Ltd

PO Box 61051

Marshalltown 2107

South Africa

tel: 0861 100 925; +27 11 870 8222

email enquiries: 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 21 883 3722

American Depositary Receipts

NYSE Amex Equities (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
website: www.citi.com/dr

Publications

Copies of current and past Annual Reports are available on request. Copies of the Group corporate descriptive booklet About Us 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 Computershare Investor Services (Pty) Ltd in South Africa using the contact details shown above.

Final Dividend 2010 — dates in 2011

24 February	Dividend announced (including amount of dividend per share in both sterling and rand, applicable exchange rate and conversion date)
4 March	Last day to trade (JSE)
7-11 March	No transfers between UK main register and South African branch register; no shares may be dematerialised or rematerialised
7 March	Ex-dividend date (JSE)
9 March	Ex-dividend date (LSE)
11 March	Record date (LSE and JSE)
5 May	Payment date (sterling and rand)

Financial Calendar 2011

28 April	Interim Management Statement
28 April	Annual General Meeting, The Mermaid Conference & Events Centre, London EC4V 3DB
27 July	Half-Yearly Report
26 October	Interim Management Statement

