



28 April 2010

**BRITISH AMERICAN TOBACCO p.l.c.
INTERIM MANAGEMENT STATEMENT FOR THE THREE MONTHS
ENDED 31 MARCH 2010**

- **Solid revenue growth at constant exchange rates, further enhanced by translation exchange rates**
- **Volumes from subsidiaries decreased by 1 per cent to 168 billion, organic volumes down by 4 per cent**
- **Global Drive Brands volume grew by 6 per cent**

SUMMARY OF PERFORMANCE

British American Tobacco performed well in the three months to the end of March, although total volumes were slightly lower.

Group revenue for the three months grew in constant currency terms, driven by continued strong pricing momentum and the acquisition of PT Bentoel Internasional Investama Tbk (Bentoel) in Indonesia on 17 June 2009. All regions grew revenue at constant rates of exchange with particularly strong performances from Africa and Middle East and Americas. Revenue benefited further from the favourable impact of exchange rate movements.

Group volumes from subsidiaries were 168 billion, down 1 per cent from 170 billion in 2009, while organic volumes were 4 per cent lower, in line with the decline in market sizes. Significant industry volume declines in markets such as Brazil and Romania, where Group market share grew, and in Ukraine and Japan, where market share was maintained, drove this volume decline. The adverse impact on Group volumes was highest in the low-priced segment. First quarter volumes benefited from the acquisition of Bentoel.

The four Global Drive Brands delivered a good performance and achieved overall volume growth of 6 per cent and share growth in a number of key markets. Dunhill was up 24 per cent, helped by the migration of Carlton to Dunhill in Brazil, while Lucky Strike grew by 8 per cent and Pall Mall by 10 per cent, respectively. Kent volumes were 12 per cent lower mainly driven by industry volume declines in Japan, Russia and Romania, despite growing or maintaining market share in those markets.

Market share in our top 40 markets was in line with the start of 2009 and ahead of our Q4 2009 share.

Trading environment

This good performance was achieved against lower industry volumes in a number of important markets, such as Japan, Brazil, Russia, Romania and Turkey. The general economic environment with rising levels of unemployment, together with increases in excise, resulted in continued pressure on the premium segment and in some markets, particularly in Central and Eastern Europe, there was down-trading to illicit trade, affecting the low price segment.

The Group continued to address its cost base and, amongst other initiatives, finalised the consultation process with a view of consolidating the sales and marketing organisations in the Benelux markets as well as entering information and consultation on the future of the Jawornik factory in Poland.

Cigarette volumes

The segmental analysis of the volumes of subsidiaries is as follows:

	<u>3 months to</u>		<u>Year to</u>
	<u>31.03.10</u>	31.03.09	31.12.09
	bns	bns	bns
Asia-Pacific	45	43	185
Americas	38	38	151
Western Europe	29	30	130
Eastern Europe	25	27	131
Africa and Middle East	31	32	127
	<u>168</u>	<u>170</u>	<u>724</u>

Bentoel grew volumes and share in Indonesia and contributed 5 billion sticks to the Asia-Pacific region.

Comment

Paul Adams, Chief Executive, commented "Our consumers are clearly finding economic conditions difficult and volumes suffered as a result of market size declines. However, there was continued pricing momentum and good growth in market shares, leading to solid revenue growth. We remain on track for the year."

CHANGES IN THE GROUP

On 17 June 2009, the Group acquired an 85 per cent stake in Indonesia's fourth largest cigarette maker PT Bentoel Internasional Investama Tbk (Bentoel). A public tender offer for the remaining shares was completed by 26 August 2009, resulting in the acquisition of a further 14 per cent share in the company, bringing the total shareholding in the Bentoel Group to 99.7 per cent.

On 20 October 2009, it was announced that Bentoel and BAT Indonesia had decided to enter into a merger plan whereby BAT Indonesia will merge into Bentoel. The merger was completed under the Bentoel name and the company remains listed on the Indonesian Stock Exchange.

FINANCIAL POSITION

The Group has sufficient financing and facilities available for the foreseeable future and at 31 March 2010 its guaranteed revolving credit facility of £1.75 billion was undrawn. This facility also acts as a backstop for the Group's euro commercial paper (ECP) programme (£1 billion) of which £232 million was outstanding on 31 March 2010.

There have been no changes in financing arrangements since the beginning of the financial year.

There have been no material events, transactions or change in the financial position of the Group since the year end, other than as outlined in this statement. Further, the Board is not aware of any material events, transactions or change in the financial position of the Group which have occurred since 31 December 2009 up to and including 27 April 2010, being the latest practicable date before the date of the publication of this Interim Management Statement.

On behalf of the Board

Nicola Snook

Secretary

27 April 2010

NOTES AND ADDITIONAL INFORMATION

British American Tobacco is the world's second largest quoted tobacco group by global market share, with brands sold in more than 180 markets. We have four Global Drive Brands – Dunhill, Kent, Lucky Strike and Pall Mall - and over 300 brands in our portfolio. We hold robust market positions in each of our regions and have leadership positions in more than 50 markets.

Disclaimers

This Interim Management Statement (IMS) relates to the three months ended 31 March 2010 and contains information that covers the first quarter and the period since the quarter end to 27 April 2010, being the latest practicable date before the date of the publication of this IMS.

This announcement does not constitute an invitation to underwrite, subscribe for, or otherwise acquire or dispose of any British American Tobacco p.l.c. shares or other securities.

This IMS contains certain forward looking statements which are subject to risk factors associated with, among other things, the economic and business circumstances occurring from time to time in the countries and markets in which the Group operates. It is believed that the expectations reflected in this announcement are reasonable but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

Distribution of this Interim Management Statement (IMS)

The IMS is released to the London Stock Exchange and the JSE Limited. It may be viewed and downloaded from our website, www.bat.com

Copies of the IMS may also be obtained during normal business hours from: (1) the Company's registered office; (2) the Company's representative office in South Africa; and (3) British American Tobacco Publications, details of which are given below.

FINANCIAL CALENDAR 2010

6 May	Payment date of 2009 final dividend
28 July	Half-Yearly Report
27 October	Interim Management Statement

CORPORATE INFORMATION

Premium listing

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

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The Pavilions, Bridgwater Road, Bristol BS99 6ZZ, UK

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Share dealing tel: 0870 703 0084 (UK only)

Your account: www.computershare.com/uk/investor/bri

Share dealing: www.computershare.com/dealing/uk

Web-based enquiries: www.investorcentre.co.uk/contactus

Secondary listing

JSE (Share Code: BTI)

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

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American Depositary Receipts (ADRs)

NYSE Amex Equities (Symbol: BTI; CUSIP Number: 110448107)

Sponsored ADR programme; each ADR represents two ordinary shares of British American Tobacco p.l.c.

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