



BRITISH AMERICAN
TOBACCO

B.A.T. INTERNATIONAL FINANCE p.l.c.

(incorporated with limited liability in England and Wales)

B.A.T CAPITAL CORPORATION

(incorporated with limited liability in the State of Delaware, United States of America)

**BRITISH AMERICAN TOBACCO HOLDINGS (THE
NETHERLANDS) B.V.**

(incorporated with limited liability in The Netherlands)

B.A.T. NETHERLANDS FINANCE B.V.

(incorporated with limited liability in The Netherlands)

**£25,000,000,000 Euro Medium Term Note Programme
unconditionally and irrevocably guaranteed by**

BRITISH AMERICAN TOBACCO p.l.c.

(incorporated with limited liability in England and Wales)

and each of the Issuers (except where it is the relevant Issuer)

This Supplement (the “**Supplement**”) to the Base Prospectus (the “**Base Prospectus**”) dated 31 May 2017 (as supplemented by the supplementary prospectus dated 8 August 2017) which comprises a base prospectus, constitutes a supplementary base prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 and is prepared in connection with the £25,000,000,000 Euro Medium Term Note Programme (the “**Programme**”) established by B.A.T. International Finance p.l.c. (“**BATIF**”), B.A.T Capital Corporation (“**BATCAP**”), British American Tobacco Holdings (The Netherlands) B.V. (“**BATHTN**”) and B.A.T. Netherlands Finance B.V. (“**BATNF**”) (each, in their capacities as issuers under the Programme, an “**Issuer**” and together referred to as the “**Issuers**”) and unconditionally and irrevocably guaranteed by British American Tobacco p.l.c. (“**BAT**”) and each of BATIF, BATCAP, BATHTN and BATNF except where it is the relevant Issuer (together, the “**Guarantors**”). Other than as expressly set out herein, terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements to the Base Prospectus issued by the Issuers.

Each of BAT, BATIF, BATCAP, BATHTN and BATNF accepts responsibility for the information contained in this Supplement and Reynolds American Inc. (“**RAI**” or the “**Additional Guarantor**”) accepts responsibility for the information relating to RAI contained in this Supplement. To the best of the knowledge and belief of BAT, BATIF, BATCAP, BATHTN, BATNF and RAI, each of the foregoing declares (each having taken all reasonable care to ensure that such is the case) that the information (or in the case of RAI, as such information relates to it) contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Purpose of this Supplement

The purpose of this Supplement is to:

- (i) incorporate by reference in the Base Prospectus certain financial information, namely: (a) BAT's preliminary results for its consolidated group for the year ended 31 December 2017 (the "**2017 Preliminary Results**") which can be found in the "Preliminary Announcement – Year Ended 31 December 2017" (the "**2017 Preliminary Announcement**"); (b) the BATIF consolidated audited annual financial information as at and for the year ended 31 December 2017, together with the audit report thereon (the "**BATIF 2017 Results**"), which can be found in BATIF's Annual Report 2017 (the "**BATIF Annual Report 2017**"); (c) the BATNF non-consolidated audited financial information as at and for the year ended 31 December 2017, together with the audit report thereon (the "**BATNF 2017 Results**"), which can be found in BATNF's Financial Report for the year ended 31 December 2017 (the "**BATNF Annual Report 2017**"); and (d) the RAI consolidated audited annual financial information as at and for the years ended 31 December 2017 and 31 December 2016, together with the audit report thereon (the "**RAI 2017 Results**"), (together with the 2017 Preliminary Results, the BATIF 2017 Results and the BATNF 2017 Results, the "**2017 Results**") which can be found in RAI's Consolidated Financial Statements 2017 and 2016 (the "**RAI Annual Report 2017**") (together with the 2017 Preliminary Announcement, the BATIF Annual Report 2017 and the BATNF Annual Report 2017, the "**2017 Financial Statements**");
- (ii) update certain other sections of the Base Prospectus, each as set out below; and
- (iii) update the no significant or material change paragraph contained in the section headed "General Information" in the Base Prospectus.

A. Incorporation by Reference

Preliminary Results of BAT and Annual Financial Statements

BAT has published its 2017 Preliminary Announcement, which contains its 2017 Preliminary Results and RAI has published its RAI Annual Report 2017 which contains its RAI 2017 Results. Each of BATIF and BATNF has made available its audited annual financial statements as at and for the financial year ended 31 December 2017. Copies of the 2017 Financial Statements have been filed with the Financial Conduct Authority and, by virtue of this Supplement, the following sections are incorporated by reference in, and form part of, the Base Prospectus:

- (i) in the case of BAT, the 2017 Preliminary Results set out on pages 10 to 13 and 15 to 41 (excluding the final two subparagraphs of page 41) of the 2017 Preliminary Announcement;
- (ii) in the case of RAI, the RAI 2017 Results set out on pages 1 to 71 of the RAI Annual Report 2017;
- (iii) in the case of BATIF, the BATIF 2017 Results set out on pages 6 to 33 of the BATIF Annual Report 2017; and
- (iv) in the case of BATNF, the BATNF 2017 Results set out in pages 3 to 14 of the BATNF Annual Report 2017.

Any information included in the 2017 Financial Statements, but not forming part of the 2017 Results, does not form part of the Base Prospectus as it is either not relevant for prospective investors in the Notes or is covered elsewhere in the Base Prospectus.

The financial information contained in the 2017 Preliminary Results has been properly prepared on the basis stated in the notes to the financial information included in the 2017 Preliminary Results, and, as described in Accounting Policies and Basis of Preparation in the 2017 Preliminary Results, on a basis

consistent with the current IFRS accounting policies of BAT and on a basis consistent with the policies in the Annual Report for the year ended 31 December 2016.

B. Updates to the Base Prospectus

(a) Inside cover of Base Prospectus

The following language shall be added as a new paragraph 6 to page 2 of the Base Prospectus:

“Amounts payable on the Notes may be calculated by reference to one of LIBOR or EURIBOR (as defined herein) as specified in the relevant Final Terms. As at the date of this Base Prospectus, the administrators of LIBOR and EURIBOR are not included in EMSA’s register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the “Benchmarks Regulation”). As far as each Obligor is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that the administrators of LIBOR and EURIBOR are not currently required to obtain authorisation/registration.”

(b) Risk Factors

The following risk factor shall be added to the section of the Base Prospectus headed “Risk Factors” on pages 15 – 29:

“Risks related to the structure of a particular issue of Floating Rate Notes

Reference Rates and indices, including interest rate benchmarks, such as LIBOR and EURIBOR (each as defined in Condition 4(b)(ii)), which are used to determine the amounts payable under financial instruments or the value of such financial instruments (“**Benchmarks**”), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. The continuation of LIBOR in its current form (or at all) after 2021 cannot be guaranteed.

Any changes to the administration of LIBOR or EURIBOR or the emergence of alternatives to LIBOR or EURIBOR as a result of these reforms, may cause LIBOR or EURIBOR to perform differently than in the past or to be discontinued, or there could be other consequences which cannot be predicted. The potential discontinuation of LIBOR or EURIBOR or changes to its administration could require changes to the way in which the Rate of Interest is calculated in respect of any Notes referencing or linked to LIBOR or EURIBOR. The development of alternatives to LIBOR or EURIBOR may result in Notes linked to or referencing LIBOR or EURIBOR performing differently than would otherwise have been the case if such alternatives to LIBOR or EURIBOR had not developed. Any such consequence could have a material adverse effect on the value of, and return on, any Notes referencing or linked to LIBOR or EURIBOR.

The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a published benchmark, such as LIBOR or EURIBOR, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, including the possibility that the Rate of Interest could be set by reference to offered quotations from banks communicated to the Agent. In certain circumstances, the ultimate fallback of interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may in result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page.”

C. No Significant or Material Adverse Change

The following statement updates paragraph 5 on page 98 of the Base Prospectus:

“Save as disclosed in paragraph 1 on page 10, the table titled “Group Income Statement” on page 15, paragraph 1 on page 27, paragraphs 3, 4 and 5 on page 31, the final paragraph on page 32 and paragraphs 1 and 3 on page 33 of the 2017 Preliminary Announcement, there has been no significant change in the financial or trading position of BATIF, BATNF or the Additional Guarantor and their respective subsidiaries taken as a whole since 31 December 2017 nor in respect of BAT and its subsidiaries taken as a whole since 30 June 2017 nor in respect of BATHTN or BATCAP and their respective subsidiaries taken as a whole since 31 December 2016, nor has there been any material adverse change in the prospects of BATIF, BATNF or the Additional Guarantor and their respective subsidiaries taken as a whole since 31 December 2017 and in respect of BAT, BATHTN or BATCAP and their respective subsidiaries taken as a whole since 31 December 2016.”

D. Other Information

Copies of all documents incorporated by reference in the Base Prospectus can be viewed on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> and can be obtained from the principal office in England of the Principal Paying Agent and BAT, as described on pages 8 and 99-100, respectively, of the Base Prospectus.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

If documents which are incorporated by reference into this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the Prospectus Directive (Directive 2003/71/EC, as amended) except where such information or other documents are specifically incorporated by reference into this Supplement.

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus has arisen or been noted, as the case may be, since the publication of the Base Prospectus.