

SUPPLEMENTARY PROSPECTUS DATED 3 MARCH 2017



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

(incorporated with limited liability in England and Wales)

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)

**£15,000,000,000 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 20 May 2016 (as supplemented by the supplementary prospectus dated 28 July 2016) 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 £15,000,000,000 Euro Medium Term Note Programme (the “**Programme**”) established by B.A.T. International Finance p.l.c. (“**BATIF**”), 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, BATHTN and BATNF except where it is the relevant Issuer. 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, BATHTN and BATNF accepts responsibility for the information contained in this Supplement. To the best of the knowledge and belief of BAT, BATIF, BATHTN and BATNF, each of the foregoing declares (each having taken all reasonable care to ensure that such is the case) that the information 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:

- A. incorporate by reference in the Base Prospectus:

- (i) BAT's preliminary results for its consolidated group for the year ended 31 December 2016 (the "**2016 Preliminary Results**") which can be found in the "Preliminary Announcement – Year Ended 31 December 2016" (the "**2016 Preliminary Announcement**");
 - (ii) the BATIF consolidated audited annual financial information as at and for the year ended 31 December 2016, together with the audit report thereon (the "**BATIF 2016 Results**"), which can be found in BATIF's Annual Report 2016 (the "**BATIF Annual Report 2016**");
 - (iii) the BATHTN non-consolidated audited annual financial information as at and for the year ended 31 December 2016, together with the audit report thereon (the "**BATHTN 2016 Results**") which can be found in BATHTN's Annual Report 2016 (the "**BATHTN Annual Report 2016**"); and
 - (iv) the BATNF non-consolidated audited financial information as at and for the year ended 31 December 2016, together with the audit report thereon (the "**BATNF 2016 Results**") (together with the 2016 Preliminary Results, the BATIF 2016 Results and the BATHTN 2016 Results, the "**2016 Results**"), which can be found in BATNF's Annual Report and Financial Statements 2016 (the "**BATNF Annual Report 2016**") (together with the 2016 Preliminary Announcement, the BATIF Annual Report 2016 and the BATHTN Annual Report 2016, the "**2016 Financial Statements**"); and
- B.** update the no significant or material change paragraph contained in the section headed "General Information" in the Base Prospectus.

Preliminary Results of BAT and Annual Financial Statements

BAT has published its 2016 Preliminary Announcement, which contains its 2016 Preliminary Results. Each of BATIF, BATHTN and BATNF has made available its audited annual financial statements as at and for the financial year ended 31 December 2016. Copies of the 2016 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 2016 Preliminary Results set out on pages 8 to 10 and 13 to 36 of the 2016 Preliminary Announcement;
- (ii) in the case of BATIF, the BATIF 2016 Results set out on pages 6 to 32 of the BATIF Annual Report 2016;
- (iii) in the case of BATHTN, the BATHTN 2016 Results set out in pages 7 to 27 of the BATHTN Annual Report 2016; and
- (iv) in the case of BATNF, the BATNF 2016 Results set out in pages 6 to 21 of the BATNF Annual Report 2016.

Any information included in the 2016 Financial Statements, but not forming part of the 2016 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 2016 Preliminary Results has been properly prepared on the basis stated in the notes to the financial information included in the 2016 Preliminary Results, and, as described in Accounting Policies and Basis of Preparation in the 2016 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 2015.

No Significant or Material Adverse Change

The following statement updates paragraph 5 on page 90 of the Base Prospectus:

Save as disclosed in the paragraphs headed "Proposed Acquisition of Reynolds American Inc." on page 10, the "Group Income Statement" on page 13, the section headed "(b) Net debt" on page 25 and the fifth, sixth, seventh and eighth paragraphs of the section headed "(e) Liquidity" on pages 26 and 27 of the 2016 Preliminary Announcement, there has been no significant change in the financial or trading position of BATIF, BATHTN or BATNF and their respective subsidiaries taken as a whole since 31 December 2016 and in respect of BAT and its subsidiaries taken as a whole since 30 June 2016, nor has there been any material adverse change in the prospects of BATIF, BATHTN or BATNF and their respective subsidiaries taken as a whole since 31 December 2016 and in respect of BAT and its subsidiaries taken as a whole since 31 December 2015.

Other Information

Copies of all documents incorporated by reference in the Base Prospectus can be viewed on the website of the RNS 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 7 and 91-92, 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.