

Summary of the Combination

[In terms of Regulation 13 (1B) of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations), 2011, as amended on 7 January 2016]

Name of the Parties to the Combination

1. The names of the Parties to the Combination are: British American Tobacco plc (“**BAT**”), BATUS Holdings Inc. (“**BATUS**”), Flight Acquisition Corporation (“**Sub**”) and Reynolds American Inc. (“**RAI**”) (together, “**the Parties**”).

Type of Combination

2. The Proposed Combination is structured as a reverse triangular merger resulting in the acquisition of 57.8% equity shareholding in RAI by BAT (“**Proposed Combination**”). The Proposed Combination contemplates the merging of the wholly owned subsidiary of BAT, i.e., the Sub, with RAI following which, RAI will continue as the surviving entity. Post the Proposed Combination, RAI will become a wholly owned subsidiary of BAT (BAT currently owns 42.2% shareholding in RAI and with the acquisition of the remaining 57.8% shareholding in RAI, BAT would own the entire 100% shareholding in RAI).
3. On 16 January 2017, the boards-of-directors of BAT, BATUS, Sub and RAI respectively passed their board resolutions approving the Proposed

Combination. The Parties also executed the Merger Agreement on the same day, in terms of which, the Parties will give effect to the Proposed Combination.

Area of activity of the Parties to the Combination

4. The Parties do not engage in the production/provision of identical or substitutable products (directly or indirectly) in India. Nor is there a direct vertical relationship/linkage between BAT and RAI in India. Accordingly, there will be no competitive impact in India (or elsewhere).
5. BAT is a tobacco company, engaged in manufacturing and marketing cigarettes and other tobacco products.
6. BATUS is an indirect wholly owned subsidiary of BAT. BATUS is the owner of all issued shareholding of the Sub. BATUS is a holding company.
7. Sub is a company that was recently incorporated in the United States of America, for the purposes of the Proposed Combination. Currently, the Sub is not engaged in any business activities either globally or in India.
8. RAI is a holding company whose wholly owned operating subsidiaries include U.S. tobacco companies, a U.S. smokeless tobacco products manufacturer, a U.S. manufacturer and marketer of digital vapor cigarettes, and marketers of nicotine replacement therapy products in the United States and Sweden.

Relevant Market(s)

9. Both BAT and RAI, through their respective subsidiaries, manufacture cigarettes and other tobacco products. However, both BAT and RAI do not have any direct/physical business presence in India. Further, RAI has no business interest whatsoever in India. BAT and RAI do not compete with each other in the tobacco market in India. In view of this, the definition for the relevant market can be left open as there are no overlaps between the Parties in India. In the alternative, the relevant market may be defined as the “*market for procurement and sale of all forms of tobacco products in India*”.