

REYNOLDS AMERICAN INC.
CORPORATE GOVERNANCE GUIDELINES

Preamble

These Corporate Governance Guidelines have been adopted by the Board of Directors (the “Board”) of Reynolds American Inc. (the “Company”), upon the recommendation of the Board’s Corporate Governance and Nominating Committee (the “Governance Committee”), to assist the Board in the exercise of its responsibilities to the Company and its shareholders. On behalf of the Company’s shareholders, the Board is responsible for overseeing the management of the business and affairs of the Company, with a view toward serving the long-term interests of the Company’s shareholders.

These Guidelines, together with the Articles of Incorporation and Bylaws of the Company; the Charters of the Board’s Governance Committee, Compensation and Leadership Development Committee (the “Compensation Committee”) and Audit and Finance Committee (the “Audit Committee”); and the Governance Agreement, dated as of July 30, 2004, as amended (the “Governance Agreement”), among British American Tobacco p.l.c. (“BAT”), Brown & Williamson Tobacco Corporation (now known as Brown & Williamson Holdings, Inc.) and the Company, provide the framework for the governance and functioning of the Board. The Board views these Guidelines as an evolving set of corporate governance principles. Accordingly, these Guidelines are regularly re-evaluated by the Governance Committee in light of changing circumstances in order to continue serving the long-term interests of the Company’s shareholders. Any changes to these guidelines must be recommended by the Governance Committee and acted upon by the full Board.

1. Selection of Chairman of the Board and the Chief Executive Officer

The Board elects the Chairman of the Board and the Chief Executive Officer on an annual basis in the manner and based on the criteria that it deems appropriate and in the best interests of the Company given the circumstances at the time of such appointments, and subject to the applicable provisions of the Governance Agreement. An individual may serve as Chairman of the Board and/or Chief Executive Officer for more than one term in succession.

Similarly, the Board judges, in accordance with circumstances at any given time, whether the roles of the Chairman of the Board and the Chief Executive Officer should be combined or separate and whether the Chairman of the Board should be elected from amongst the independent directors.

In the event that the Board decides to separate the roles of the Chairman of the Board and the Chief Executive Officer, and to elect one of the independent directors as Non-Executive Chairman of the Board, such Non-Executive Chairman of the Board will be expected to serve for at least three terms in succession. The Non-Executive Chairman of the Board will, in addition to his or her responsibilities as a member of the Board, be responsible for the following:

- ensuring that the respective responsibilities of the Board and management are understood, and that the boundaries between Board and management responsibilities are respected;

- setting the agendas, after consultation with the Chief Executive Officer and other Board members, for and chairing the annual Strategy Sessions of the Board, and leading the Board in its review and assessment of the appropriateness of the long-term strategic plan and initiatives of the Company and its operating companies, the opportunities and risks that are inherent in such strategic plan and initiatives and risk control plans established to address such risks;
- leading the Board, in consultation with the Chief Executive Officer, in its review and assessment of the one and three-year operating plans of the Company and its operating companies that result from the long-term strategic plan and initiatives of the Company and its operating companies;
- leading the Board in its risk oversight role, particularly as to governance, critical enterprise, business management, external and reputational risks, and ensuring that the Board understands and sets the Company's risk profile;
- coordinating with the Chairpersons of the Governance Committee, the Audit Committee and the Compensation Committee to ensure that their respective Board committees are overseeing the management of the risks particular to their subject areas and are communicating the material information about such risks to the full Board so that it can view the Company's risks on a fully integrated basis;
- coordinating with the Chief Executive Officer to develop an appropriate schedule of Board meetings, seeking to ensure that the Board can perform its duties responsibly while recognizing and supporting the operational demands of the Company and its operating companies;
- setting the agendas for meetings of the Board, after consultation with the Chief Executive Officer, other Board members and the Secretary, and determining the need for special meetings of the Board;
- coordinating with the Chairpersons of the Governance Committee, the Audit Committee and the Compensation Committee to obtain copies of the calendars and the agendas for meetings of these Board committees, and suggesting additional agenda items as appropriate;
- setting the agendas, after consultation with the Chief Executive Officer, for and serving as Chairperson of any special committees appointed by the Board;
- chairing the annual meeting of shareholders;
- chairing meetings of the Board and executive sessions of the non-management directors and the independent directors, and meeting separately with the Chief Executive Officer, as appropriate, after such sessions to review their content;
- calling and setting the agendas for meetings of the non-management directors and the independent directors as he or she deems necessary;

- consulting with the Governance Committee and the Chief Executive Officer regarding recommendations regarding membership of the Board's committees and the selection and rotation of committee chairpersons;
- upon recommendation of the Governance Committee, interviewing director candidates that are proposed to be presented to the Board for consideration for election;
- together with the Chairperson of the Compensation Committee, communicating to the Chief Executive Officer the results of the evaluation of his or her performance;
- in conjunction with the Governance Committee, overseeing the evaluation processes of the Board as a whole, the Board committees and individual directors;
- facilitating communications and serving as a liaison between the non-management directors and the Chief Executive Officer; provided, however, that each director is free at any time to communicate directly with the Chief Executive Officer;
- assessing and advising the Chief Executive Officer as to the quality, quantity and timeliness of the flow of information from Company management that is necessary for the Board to effectively and responsibly perform its duties;
- recommending to the Board the retention of consultants and outside advisors who report directly to the Board on board matters (as opposed to Committee consultants);
- meeting with any director who is not adequately performing his or her duties as a member of the Board or any Board committee;
- in accordance with the allocation of responsibilities between the Chairman of the Board and Chief Executive Officer as determined by the Board, in a manner consistent with the Company's policy on communicating with shareholders and in consultation with the Board, responding to and engaging in discussions with shareholders of the Company upon the request of the shareholders or as otherwise determined to be necessary or appropriate under the circumstances;
- otherwise consulting with the Chief Executive Officer on matters relating to management effectiveness and Board performance;
- chairing the search committee for a new Chief Executive Officer, should that become necessary;
- leading the handling of charges of management misconduct, should that become necessary; and
- carrying out such other duties as requested by the Board as a whole, depending on need and circumstances.

The Chairman of the Board is invited to attend and speak at all meetings of Board committees in which he or she is not a member, but does not form part of the quorum and is not entitled to vote

at such meetings. In the absence of an independent Chairman of the Board, and if no Lead Director has been appointed or if the Lead Director also is not present, the Chairperson of the Governance Committee shall preside over executive sessions of the non-management directors and the independent directors.

2. Lead Director Appointment

In the event that the positions of Chairman of the Board and Chief Executive Officer are held by the same person, after consultation with the Chairman of the Board, who will individually discuss with each director such director's preferences for appointment as Lead Director, the Governance Committee may recommend to the Board one or more of the independent directors as candidates for appointment as Lead Director. The Lead Director will be elected by a majority of the independent directors of the Board. The Lead Director may, but need not be, the chairperson of a Board committee. Unless otherwise determined by a majority of the independent directors under special circumstances, the Lead Director will serve for a one-year period, or until his or her earlier termination of service on the Board. A director may be elected as Lead Director for more than one term in succession.

The Lead Director will, in addition to his or her responsibilities as a member of the Board, be responsible for the following:

- presiding over executive sessions of the non-management directors and the independent directors;
- calling meetings of the non-management directors and the independent directors as he or she deems necessary;
- facilitating communications and serving as a liaison between the non-management directors and the Chairman of the Board and Chief Executive Officer; however, each director is free at any time to communicate directly with the Chairman of the Board and Chief Executive Officer;
- consulting with the Chairman of the Board, the Chief Executive Officer and the Secretary on the agenda for Board meetings and on the need for special meetings of the Board;
- together with the Chairperson of the Compensation Committee, communicating to the Chief Executive Officer the results of the evaluation of his or her performance;
- in conjunction with the Governance Committee, overseeing the evaluation process of individual directors;
- meeting with any director who may not be adequately performing his or her duties as a member of the Board or any Board committee; and
- otherwise consulting with the Chairman of the Board on matters relating to management effectiveness and Board performance.

The Lead Director is invited to attend and speak at all meetings of committees of the Board in which he or she is not a member, but does not form part of the quorum and is not entitled to vote. In the absence of the Lead Director, if one is appointed, the Chairperson of the Governance Committee will preside over executive sessions of the non-management directors and the independent directors. Similarly, if no Lead Director has been appointed, and the Chairman of the Board is not an independent director, the Chairperson of the Governance Committee will preside over executive sessions of the non-management directors and the independent directors.

3. Number of Committees

The present Board standing committees are: Audit and Finance (also designated the Qualified Legal Compliance Committee), Compensation and Leadership Development and Corporate Governance and Nominating. The Board also may establish special committees from time to time to address specific matters assigned by the Board. Members of all committees shall be non-employees of the Company. The number and scope of committees may be revised, as appropriate, to meet changing conditions and needs and to comply with applicable provisions of the Governance Agreement.

In the event that a special committee is established by the Board, in the Board resolutions establishing the special committee, the Board will provide the specific mandate to be carried out by the special committee, and will name the chairperson and the other members of the special committee. Each special committee will consist of at least three members, one of whom will be the Chairperson of the Audit and Finance Committee, and will meet all the requirements concerning Board committees set forth in the Governance Agreement.

4. Assignment and Rotation of Committee Members

The Governance Committee is responsible for reviewing and recommending to the Board the assignment of directors to various committees. To assure diversity of Board member experience and variety of exposure to affairs of the Company, a staggered rotation of committee memberships and chairmanships is considered desirable. Accordingly, it is recommended that the chairperson of each committee of the Board rotate every five years on a staggered basis. Similarly, it is recommended that the Governance Committee recommend to the Board for its adoption at the first regular Board meeting following each Annual Meeting of Shareholders, a staggered rotation of three to five years for committee memberships to ensure director rotation of service on the Board's various committees.

5. Frequency and Length of Committee Meetings

Generally, committees meet in conjunction with regular Board meetings. Committee chairpersons and members may call meetings as they deem necessary. Committee meetings may be as frequent and as long as needed.

6. Committee Agenda

The agenda for committee meetings is developed by committee chairpersons in consultation with the Non-Executive Chairman of the Board, if one has been elected, and appropriate members of management. The agenda for each meeting is circulated in advance, and committee members may suggest additional agenda items for consideration.

7. Frequency of Board Meetings; Attendance

Board members expect a minimum of five meetings to be part of the regular annual Board calendar, with additional meetings as required. A calendar of Board meetings will be developed and circulated as far in advance as practicable. Members are expected to attend all meetings, barring unavoidable circumstances.

8. Selection of Agenda Items for Board Meetings

The Chairman of the Board, the Chief Executive Officer and the Secretary of the Company develop the agenda for Board meetings, in consultation with the Lead Director, if one has been elected. The agenda is circulated in advance, and Board members may suggest additional items for consideration.

9. Board and Committee Materials Distributed in Advance

As much information and data as practical on financial performance and the business agenda is made available to Board members in advance of meetings, including background materials for planned presentations. Detailed analyses of capital project proposals also are provided in advance. The Board may use electronic means for the distribution and viewing of such materials. Board members are expected to review Board and committee materials in advance of meetings prior to such meetings to the extent that such materials are distributed with sufficient time for Board members to do so.

10. Attendance of Non-Directors at Board Meetings

At the discretion of the Board, the Chief Executive Officer, the Chief Financial Officer, the General Counsel and the Secretary of the Company, and the President and the Chief Scientific Officer of R. J. Reynolds Tobacco Company, generally attend the regular business session of the Board meetings. At the discretion of the Board, the Board also may extend invitations to other individuals as appropriate to the occasion and business agenda.

11. Executive Sessions of Outside Directors

Each Board meeting agenda includes time for an executive session with only directors and the Chief Executive Officer present. Each Board meeting agenda also includes time for an executive session with only non-employee directors present. In addition, at least once per year, the Board schedules an executive session including only independent directors.

Each agenda for meetings of committees of the Board includes time for an executive session with only committee members present.

12. Board Access to Senior Management

All Board members have open access to senior management, with the expectation that such contact will be minimally disruptive to the business operation of the Company. The Chief Executive Officer is encouraged to invite to the Board meetings senior managers who can provide additional insight into business materials being discussed and those individuals with high future potential who should be given personal exposure to members of the Board.

13. Board Compensation Review

Every three years, the Governance Committee conducts a full review of the level and structure of the Company's Board compensation. Each year, the Governance Committee reviews the Company's Board compensation in relation to other comparable corporations. Any changes in

Board compensation are recommended by the Governance Committee and acted upon by the full Board.

14. Size of the Board

As of September 12, 2014, the Board of the Company has 12 members. The size of the Board will be determined as provided in the Company's articles of incorporation and the Governance Agreement.

15. Mix of Inside and Outside Directors

A significant majority of the Board are and will continue to be outside directors, and the Executive Chairman of the Board, if one has been elected, the Chief Executive Officer and the Chief Executive Officer-Elect, if one has been elected, normally will be the only management directors.

16. Determination of Independence of Outside Directors

A majority of the directors will be independent directors in accordance with the New York Stock Exchange ("NYSE") listing standards. For a director to qualify as "independent" under the NYSE listing standards, the Board must affirmatively determine that the director has no material relationship with the Company or its affiliates, either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company. In accordance with the NYSE listing standards, the Board has adopted the following guidelines or standards to assist it in its determination of director independence. A director will be determined not to be independent under the following circumstances:

- The director is, or has been within the last three years, an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer, of the Company.
- The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 per year in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service.
- (a) The director is a current partner or employee of a firm that is the Company's internal or external auditor; (b) the director has an immediate family member who is a current partner of such a firm; (c) the director has an immediate family member who is a current employee of such a firm and personally works on the Company's audit; or (d) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the Company's audit within that time.
- The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company's present executive officers at the same time serves or served on that company's compensation committee.
- The director is a current employee, or an immediate family member is a current executive officer, of a company that makes payments to, or receives payments from,

the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

For purposes of this guideline, the following definitions shall apply:

- “Company” means Reynolds American Inc. and any affiliate or subsidiary.
- “Executive Officer” means an entity’s president, principal financial officer, principal accounting officer (or, if there is no such accounting officer, the controller), any vice president of the entity in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the entity. Officers of the entity’s parent(s) or subsidiaries shall be deemed officers of the entity if they perform such policy-making functions for the entity. In addition, when the entity is a limited partnership, officers or employees of the general partner(s) who perform policy-making functions for the limited partnership. When the entity is a trust, officers or employees of the trustee(s) who perform policy-making functions for the trust are deemed officers of the trust.
- “Immediate family member” means spouse, parents, children, siblings, mothers-and fathers-in-law, sons-and daughters-in-law, brothers-and sisters-in-law and anyone (other than domestic employees) sharing a person’s home.

17. Former Chief Executive Officer's Board Membership

Unless otherwise agreed by the Board, the Board expects that the Chief Executive Officer, if a member of the Board, will resign from the Board upon his or her retirement, resignation or termination of employment by the Company.

18. Board Member Criteria

The Governance Committee is responsible for reviewing the appropriate skills and characteristics required of directors in the context of prevailing business conditions and the then-existing composition of the Board (consistent with the relevant provisions of the Governance Agreement). The qualifications to be considered in the selection of director nominees include the extent of experience in business, trade, finance or management; extent of knowledge of regional, national and international business affairs; prior public company board experience; geographic, gender, age and ethnic diversity; and the overall judgment to advise and direct the Company in meeting its responsibilities to shareholders, customers, employees and the public. The objective is a diverse Board which brings to the Company variety of perspectives and skills derived from high quality business and professional experience.

19. Procedure for Selecting New Director Candidates

The Board is responsible for selecting nominees to the Board, subject to shareholder approval and the relevant provisions of the Governance Agreement, but delegates the screening process to the Governance Committee, with input from the Lead Director, if one has been elected, the Chairman of the Board and the Chief Executive Officer. Members of the Board are expected to advise the Chair of the Governance Committee of any individual recommended for consideration as a potential new member of the Board.

Shareholders may recommend candidates for Board membership by submitting their recommendations in writing to the Secretary of the Company. The written recommendation must provide the following information:

- the candidate's name, age, business address and, if known, residence address,
- the candidate's principal occupation or employment,
- the number of shares of the Company's common stock owned by the candidate,
- the written consent of the candidate to be named in the proxy statement as a nominee, if applicable, and to serve as a director if elected, and
- a description of all arrangements or understandings between the shareholder, the candidate and any other person or persons (naming such person or persons), pursuant to which the recommendation is being made by the shareholder.

The Governance Committee will evaluate any director candidate recommended by a shareholder based upon the facts and circumstances at the time of the receipt of such recommendation. Applicable considerations would include:

- whether the Governance Committee currently is looking to fill a new position created by an expansion of the number of directors, or a vacancy that may exist on the Board,
- whether nomination of a particular candidate would be consistent with the Governance Agreement,
- whether the current composition of the Board is consistent with the criteria described in these Corporate Governance Guidelines,
- whether the candidate submitted possesses the requisite qualifications that are the basis for selection for candidates to the Board, as described under item 18 of these Corporate Governance Guidelines, and
- whether the candidate would be considered independent under these Corporate Governance Guidelines and the NYSE listing standards.

The Governance Committee will not alter the manner in which it evaluates a candidate based on whether the candidate was recommended by a shareholder or otherwise, subject to the relevant provisions of the Governance Agreement.

20. Extending the Invitation to a Potential New Director to Join the Board

Upon concurrence of the members of the Board, invitations to join the Board generally are extended on behalf of the Board by the Chair of the Governance Committee. The Chairman of the Board, the Lead Director, if one has been elected, and other Board members may participate as appropriate.

21. Voting for Directors

If, at any meeting of shareholders at which a quorum is present, an incumbent director who is a nominee for election as a director does not receive the vote of a majority of the votes cast in an election that is not a Contested Election (as such terms are defined in Article EIGHTH, Section (10) of the Company's Amended and Restated Articles of Incorporation), such director (a "Holdover Director") shall promptly tender his or her resignation to the Board following certification of the shareholder vote.

The Governance Committee will promptly consider the resignation offer and recommend to the Board whether to accept it. In determining whether to recommend acceptance or rejection of the tendered resignation, the Governance Committee will consider all factors it deems relevant, including, without limitation, the reasons, if known, why shareholders voted against the election of such director or the basis for a recommendation to shareholders to vote against the election of such director, the director's qualifications and length of service on the Board, the director's contributions to the Company, and the current mix of skills and attributes of the directors on the Board.

The Board will act on the Governance Committee's recommendation no later than 90 days following the date of the certification of the election results. In determining whether to accept or reject the tendered resignation, the Board will consider the factors considered by the Governance Committee and any additional information and factors the Board believes to be relevant.

Promptly following the Board's decision, the Company will disclose the Board's decision whether to accept or reject the director's resignation offer (and the reasons for rejecting the resignation offer, if applicable) in a press release to be disseminated in the manner that the Company's press releases typically are distributed.

Any director who tenders his or her resignation pursuant to this provision shall not participate in the Governance Committee recommendation or Board action regarding whether to accept or reject the resignation offer. However, if each member of the Governance Committee is a Holdover Director following the same election, then the independent directors who are not Holdover Directors shall appoint a committee amongst themselves to consider the resignation offers and recommend to the Board whether to accept or reject them. If the only directors who are not Holdover Directors in the same election constitute three or fewer directors, all directors may participate in the action regarding whether to accept or reject the resignation offers.

A director who tenders his or her resignation pursuant to this Guideline and whose resignation is accepted by the Board shall continue to serve as a director of the Company until such time as his or her resignation is accepted by the Board. A director whose resignation is rejected by the Board shall continue to serve as a director of the Company until his or her earlier death, subsequent resignation or removal.

22. Board Member Orientation and Continuing Education

The Governance Committee oversees the process for the orientation of new directors and the continuing education of all directors. The Chief Executive Officer, Chief Financial Officer and General Counsel are responsible for providing a comprehensive orientation program for new directors and a comprehensive voluntary annual refresher program for all directors, and for periodically providing materials or briefing sessions for all directors on subjects that would assist

them in discharging their duties. The initial orientation program is designed to brief new directors on the Company's management, business, history, strategic plans, financial matters, corporate governance practices and other key policies and practices through a review of background materials, meetings with senior management and visits to corporate facilities.

Directors also are encouraged to take advantage of outside continuing education opportunities that will enhance their ability to fulfill their responsibilities and requirements. The Company will reimburse directors for the costs of attending one outside continuing education opportunity, including reasonable travel, food and lodging expenses, each calendar year. The Chairman of the Board, Chair of the Governance Committee or Chief Executive Officer may approve reimbursement of directors for the costs of attending additional continuing education opportunities in a calendar year deemed especially relevant to a director's service on the Board or a Board committee. Directors who sponsor, attend or speak at seminars, conferences, panel discussions or similar continuing director education programs report their participation in such events to the Secretary of the Governance Committee.

At least once per year, the Governance Committee assesses the adequacy of and need for additional continuing director education programs and makes proposals for action as required. In particular, the Governance Committee will recommend programs for newly elected directors to attend to provide them with a broad understanding of their duties and responsibilities as public company directors.

23. Assessing the Board's Performance

The Board as a whole, each Board committee, and each director individually, including the Non-Executive Chairman of the Board or the Lead Director, as applicable, undergoes an annual evaluation of their respective performances. The Governance Committee, in conjunction with the Non-Executive Chairman of the Board, oversees these evaluation processes.

The Governance Committee conducts an annual evaluation of the Board's performance of its governance responsibilities using a written questionnaire completed by Board members and individual discussion as needed. The Governance Committee analyzes and synthesizes questionnaire responses, and reports its findings to the whole Board for discussion.

Each of the Audit, Compensation and Governance Committees also conducts an annual self-evaluation of its performance using a written questionnaire developed by its members and individual discussion as needed. Each of these Committees reports its findings to the whole Board.

The Non-Executive Chairman of the Board, in conjunction with the Governance Committee, oversees the annual evaluation process of individual directors, and communicates the results of the evaluations to each director, as appropriate. Commencing with the annual evaluations for 2012, and every three years thereafter, the evaluations of the performance of the directors in Class I (who were up for re-election at the 2014 annual meeting of shareholders, and every three years thereafter) will be conducted through "360-degree interviews" of all of the Board members and senior management, led by an outside third party. Similarly, the annual evaluations of the performance of the directors in Class II and Class III for 2015 and 2016, respectively, and every three years thereafter, will be conducted through 360-degree interviews. The performance of

individual directors not being evaluated through 360-degree interviews in any given year will be evaluated through the use of a written questionnaire completed by all Board members.

In addition, the Governance Committee oversees an annual evaluation of the performance of the Non-Executive Chairman of the Board, and communicates the results of the evaluation to the Non-Executive Chairman of the Board. The annual evaluation of the performance of the Non-Executive Chairman of the Board is conducted through 360-degree interviews each year.

24. Directors Who Change Their Job Responsibilities

A Board member, other than a non-independent designee of BAT pursuant to the Governance Agreement, who ceases to be active in his or her principal business or profession, or experiences other changed circumstances that could diminish his or her effectiveness as a Board member, is expected to offer his or her resignation to the Board, which will determine whether such member should continue to serve as a director.

A Board member, other than a non-independent designee of BAT pursuant to the Governance Agreement, who accepts a directorship on another public company board or appointment to an audit or compensation committee of another public company board, is expected to notify the Chairperson of the Governance Committee in advance of such action. A Board member shall not serve on more than four boards of public companies (including the Company). A member of the Audit Committee shall not serve on more than three audit committees of public companies (including the Company).

A Board member who plans to resign, retire or refuse to stand for re-election to the Board must provide written notice of such resignation, retirement or refusal to stand for re-election to the Secretary of the Company.

25. Term Limits/Retirement Age

No term limits for directors have been established. The Board expects that no director will be nominated for election to the Board following his or her 72nd birthday.

26. Formal Evaluation of the Chief Executive Officer

The Compensation Committee is responsible for ensuring the annual evaluation of the Chief Executive Officer's performance is based on appropriate quantitative and qualitative criteria. This evaluation should be a significant factor in determining the Chief Executive Officer's compensation.

27. Succession Planning

The Governance Committee is responsible for overseeing the succession planning for the Chief Executive Officer, and the Compensation Committee is responsible for overseeing the leadership talent development and succession planning for the other executive officers of the Company and its operating subsidiaries. In conducting these responsibilities, the Governance and Compensation Committees may enlist the services of outside third parties with expertise in these areas. The Chief Executive Officer and the Chief Human Resources Officer regularly review succession planning with the Governance Committee and with the Board, and provide the Chairperson of the Governance Committee with a continuing current recommendation as to succession in the event of the Chief Executive Officer's disability or death.

28. Director Interaction with Institutional Investors, the Media and Customers

The primary responsibility for communications and relationships on behalf of the Company with institutional investors, the media and customers should be management's. Directors may participate occasionally in such interaction at the request and with the knowledge of management.

29. Director Equity Ownership

After completion of five years of service as a member of the Board, the Board expects that the Non-Executive Chairman of the Board will hold and retain a minimum of 40,000 shares of Company Stock, and that each other director will hold and retain a minimum of 20,000 shares of Company Stock. It is generally expected that a director will not dispose of the Company Stock during the first five years of service on the Board, unless the director holds and retains Company Stock in excess of his or her minimum threshold level of shares.

"Company Stock" means

- shares of the Company's common stock beneficially owned by the director;
- deferred stock units (based on shares of the Company's common stock) or shares of the Company's common stock granted to the director under the Equity Incentive Award Plan for Directors of Reynolds American Inc. and Subsidiaries; and
- deferred stock units (based on shares of the Company's common stock) received by the director as deferred compensation under the Deferred Compensation Plan for Directors of Reynolds American Inc.

"Company Stock" shall not include:

- any option (or portion thereof) to purchase shares of the Company's common stock that has not been exercised by the director; and
- any pledged shares of the Company's common stock or deferred stock units.

These requirements do not apply to any director who is also an officer or employee of BAT for so long as such director is required to forfeit his or her equity compensation as a director to BAT and for five years thereafter.

30. Director Attendance at Annual Meetings

Board members are expected to attend annual meetings of shareholders, barring unavoidable circumstances that prevent attendance. The name of any director who is unable to attend an annual meeting will be disclosed in the Company's proxy statement the following year.

31. Confidentiality

Each Board member has the responsibility to respect the confidentiality of all non-public information received by the Board member in his or her role as a director, including all written materials provided to the Board and all discussions that take place during all Board and Board committee meetings. The Board believes that confidentiality is essential for an effective Board process. Directors will not engage in discussions with outsiders regarding matters presented or

discussed at Board or Board committee meetings, unless specifically requested to do so by the Chairman of the Board, the Chief Executive Officer, the Lead Director, if one has been elected, or the Board. Where it is necessary for independent directors to speak on behalf of themselves or the Company on matters discussed during Board or Board committee meetings, the Board will designate one or more independent directors as spokesperson(s). In all cases regarding suspected breaches of the obligation of boardroom confidentiality, the Board will decide, with the advice of counsel, on an appropriate course of action.

32. Communications with the Directors

Shareholders and other constituencies may communicate directly with the Board or individual members of the Board by addressing written correspondence to Reynolds American Inc., P. O. Box 2990, Winston-Salem, North Carolina 27102-2990. Shareholders and other constituencies may communicate directly with the non-management directors as a group by writing to the Non-Executive Chairman of the Board or to the Lead Director, if one has been elected, at the above address.

The Board has established the following procedures for the handling of communications from shareholders and other constituents and has directed the Secretary of the Company to act as their agent in processing any communications to them. Communications will be distributed to any or all directors as appropriate, depending upon the individual communication. All communications that relate to matters that are within the scope of the responsibilities of the Board and its Committees will be forwarded to the Non-Executive Chairman of the Board. Communications that relate to matters that are within the responsibility of one of the Board Committees also will be forwarded to the Chair of the appropriate Committee. Communications that relate to ordinary business matters that are not within the scope of the Board's responsibilities, such as individual product inquiries or customer complaints, will be sent to the appropriate operating company. Solicitations, advertisements, surveys and obviously frivolous communications, as well as communications that appear to be unduly hostile, intimidating, threatening, illegal or similarly inappropriate, will not be forwarded. Any omitted communication will be made available to any director upon request.

Adopted: July 28, 2004
Last Revised: February 5, 2015