

EXHIBIT A TO MEMORANDUM OF UNDERSTANDING
PROPOSED SUPPLEMENTAL DISCLOSURES OF REYNOLDS AMERICAN, INC.

1. The section of the joint proxy statement/prospectus entitled “*RAI Proposal I: Approval of the Lorillard Share Issuance, RAI Proposal II: Approval of the BAT Share Issuance and Lorillard Proposal I: Adoption of the Merger Agreement—Background of the Merger*” will be supplemented by inserting the following sentence immediately before the last sentence in the last full paragraph on page 109 (such paragraph beginning with “Later the same day,...”) of the joint proxy statement/prospectus:

“Discussions followed that it is not possible to predict whether or when the FDA will take any regulatory action with respect to menthol, but if the FDA were to adopt regulations banning or severely restricting the use of menthol in tobacco products, those regulations would not give rise to any right of the RAI board of directors to modify its recommendation in favor of the share issuance.”

2. The section of the Joint Proxy Statement/Prospectus entitled “*RAI Proposal I: Approval of the Lorillard Share Issuance, RAI Proposal II: Approval of the BAT Share Issuance and Lorillard Proposal I: Adoption of the Merger Agreement—Background of the Merger*” shall be amended and restated by replacing the heading and information set forth on page 146 of the Joint Proxy Statement/Prospectus, under the heading “—*RAI Unaudited Prospective Financial Information—RAI Unaudited Financial Forecasts*” with the following disclosure:

“Unaudited Financial Forecasts

The following table summarizes the unaudited financial forecasts related to RAI and Lorillard that were prepared by RAI’s management as described above and furnished to the RAI board of directors and Lazard:

	For the Fiscal Year Ending December 31,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	(Dollars in Millions)									
<i>RAI</i>										
Net Sales..	\$8,525	\$8,457	\$8,799	\$8,982	\$9,225	\$9,516	\$9,847	\$10,231	\$10,686	\$11,168
EBITDA ⁽¹⁾	\$3,195	\$3,405	\$3,756	\$3,700	\$3,899	\$4,101	\$4,330	\$4,599	\$4,926	\$5,256
Operating Income	\$3,105	\$3,312	\$3,662	\$3,605	\$3,805	\$4,006	\$4,234	\$4,500	\$4,826	\$5,155
After-Tax Unlevered Free Cash Flow	N/A	\$2,124	\$2,372	\$2,234	\$2,382	\$2,453	\$2,600	\$2,753	\$2,973	\$3,193
<i>Lorillard</i>										
Net Sales..	\$5,128	\$5,186	\$5,477	\$5,610	\$5,776	\$5,943	\$6,172	\$6,391	\$6,633	\$6,869
EBITDA ⁽¹⁾	\$2,228	\$2,332	\$2,479	\$2,602	\$2,678	\$2,748	\$2,878	\$3,007	\$3,150	\$3,286
Operating Income	\$2,183	\$2,286	\$2,432	\$2,553	\$2,628	\$2,696	\$2,825	\$2,952	\$3,093	\$3,227
After-Tax Unlevered Free Cash Flow	N/A	\$1,449	\$1,542	\$1,569	\$1,670	\$1,714	\$1,796	\$1,874	\$1,964	\$2,049

(1) For purposes of the unaudited financial forecasts, EBITDA is a non-GAAP measurement defined as earnings before interest, taxes, depreciation and amortization. EBITDA is not necessarily comparable to similarly titled measures used at other companies.

The unaudited financial forecasts summarized above are forward-looking in nature. The forecasts relate to multiple future years, and such information by its nature becomes less predictive with each succeeding year.

The Lorillard unaudited financial forecasts are subject to the same caveats, assumptions and variables as the RAI unaudited financial forecasts. As with the RAI unaudited financial forecasts, the Lorillard unaudited financial forecasts were not prepared for the purpose of public disclosure nor were they prepared in compliance with guidelines of the SEC or any other party. These forecasts were prepared on a stand-alone basis for Lorillard, based on numerous variables and assumptions that are inherently uncertain. Important factors that may affect actual results and cause the unaudited financial forecasts to not be realized include the risks, contingencies and other uncertainties described under "*Cautionary Information Regarding Forward-Looking Statements*" and "*Risk Factors*" beginning on pages 55 and 57, respectively, of the Joint Proxy Statement/Prospectus."

3. On July 15, 2014, RAI announced in a press release (the "Press Release"), filed as Exhibit 99.1 to RAI's Current Report on Form 8-K dated July 16, 2014, that RAI had entered into definitive agreements relating to the acquisition of Lorillard and the disposition of certain assets to ITG Brands, L.L.C. (formerly known as Lignum-2, L.L.C.) ("Imperial Sub"), a subsidiary of Imperial Tobacco Group PLC ("Imperial"). Separately, under a section titled "Transaction Highlights," RAI stated "Reynolds American and BAT Agree in Principle to a Joint Technology-Sharing Strategy for Next-Generation Products." Additionally, RAI stated "RAI and BAT have agreed in principle to pursue an ongoing technology-sharing initiative for the development and commercialization of next-generation tobacco products, including heat-not-burn cigarettes and vapor products." Further, Susan S. Cameron, President and Chief Executive Officer of RAI, was quoted in the Press Release as saying, "Additionally, our agreement with BAT to jointly pursue development of new tobacco products, such as heat-not-burn cigarettes and vapor products, holds great promise for global growth in those categories. This will certainly enhance value for all shareholders." In connection with the North Carolina Memorandum of Understanding, the information in the immediately succeeding paragraph of this Current Report on Form 8-K is being furnished to clarify these statements in the Press Release regarding any potential technology-sharing agreement between RAI and BAT.

RAI desires to clarify that, at the time of the Press Release, RAI and BAT had not entered into an agreement on the new potential technology-sharing initiative referenced in the Press Release (but had only agreed in principle to pursue such an agreement), and, since the Press Release, RAI and BAT have not entered into such an agreement. As of July 15, 2014, representatives of RAI and BAT had been discussing for some time the prospect of entering into a new technology-sharing agreement related to the development and commercialization of next-generation tobacco products. Discussions between RAI and BAT regarding the potential new technology-sharing initiative referenced in the Press Release are ongoing. However, there is no certainty that a new technology-sharing agreement between RAI and BAT will be reached, nor is there certainty regarding the scope or terms of such an agreement or the extent to which such an agreement will enhance shareholder value. None of the agreements that are part of the RAI planned acquisition of Lorillard, including the Merger Agreement; the Subscription and Support Agreement, dated as of July 15, 2014, among BAT, RAI and Brown & Williamson Holdings, Inc., a wholly owned subsidiary of BAT ("B&W"); the Asset Purchase Agreement, dated as of July 15, 2014, among RAI, Imperial and Imperial Sub; or the Transfer Agreement, dated as of July 15, 2014, between Lorillard and Imperial Sub, is contingent upon, or subject to change in any way as a result of, the potential new technology-sharing initiative referenced in the Press Release. Further, the potential new technology-sharing initiative referenced in the Press Release was not factored into the valuation of any of the transactions that are part of RAI's planned acquisition of Lorillard.