



Q3 2018 Earnings - Quarterly Metrics		
Smokeable	Q3 2018	△ vs. Q3 2017
<i>Marlboro</i> Price Gap (vs. Lowest Effective)	31%	
<i>Marlboro</i> Net Pack Price	\$6.79	\$0.15
Lowest Effective Price	\$5.18	\$0.04
<u>Discount Segment Retail Share</u>	<u>23.9%</u>	<u>+0.1pp</u>
Major Manufacturer Branded Discount	15.8%	(0.6pp)
Deep Discount	8.1%	+0.7pp
Estimated Weighted Average State Excise Tax per pack	\$1.78	\$0.03
2018 PM USA Wholesale Inventory Estimates:	(in billion units)	
End of Q3 2018	3.6	
End of Q2 2018	2.3	
End of Q3 2017	4.0	
End of Q2 2017	3.1	
2018 Cigarette Industry Wholesale Inventory (PM USA Estimates):	(in billion units)	
End of Q3 2018	7.6	
End of Q2 2018	5.0	
End of Q3 2017	8.3	
End of Q2 2017	6.5	

Note: Wholesale inventory changes are one factor PM USA uses to estimate adjusted PM USA and industry volumes.

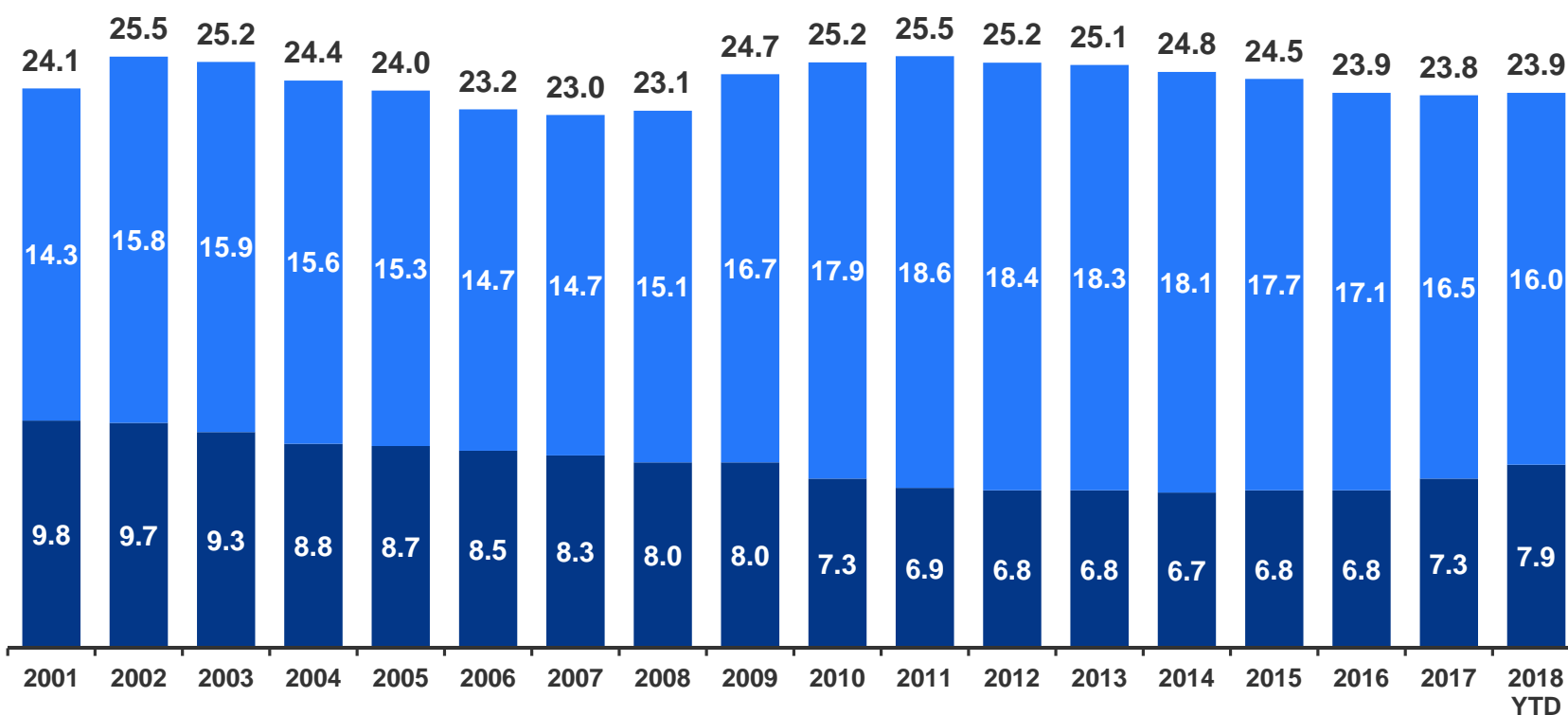
Smokeless	Q3 2018	△ vs. Q3 2017
<i>Copenhagen</i> Price Gap (vs Leading Discount Brand)	21%	
<i>Copenhagen</i> Retail Price	\$4.80	\$0.14
Leading Discount Brand	\$3.97	\$0.25

Other	Q3 2018	9M 2018
Capital Expenditures	\$60 million	\$132 million
Ongoing Depreciation and Amortization	\$64 million	\$168 million

Note: All Smokeable and Smokeless prices reflect IRI restatement.

Discount Category – Annual Retail Share

■ Deep Discount ■ Branded Discount



Source: Q1 2001 – Q4 2007: IRI/Capstone TRP Projected Retail Database; Q1 2008 – Q4 2010: SymphonyIRI Group/Capstone IRP Projected Retail Database; IRI/MSAi – 1Q11 - 4Q 12; IRI/MSAi Info Scan Cigarette 2015-Blended, 1Q13 – 4Q13; IRI/MSAi Info Scan Cigarette 2018-Blended, as of 9/30/18

Note: It is IRI's standard practice to periodically refresh its services, which could restate retail share results that were previously released in this service.



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