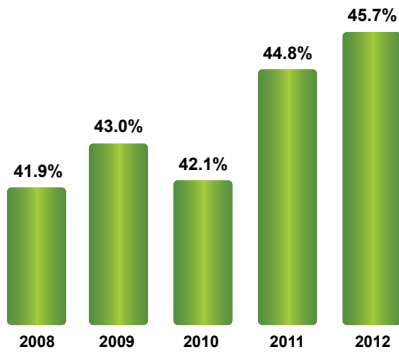


### PMI Market Share



## Turkey: Superior Share Growth

From left to right, **Emre Kozlu**, Manager Corporate Affairs, **Neslihan Kiliçer**, Information Systems Analyst, **Erlinç Aktan**, Supervisor Internal Controls, **Gonca Erturk**, Assistant Treasurer Financial Analysis, and **Zeynep Ince**, Counsel, are a few of our more than 1,600 employees in Turkey who helped grow our 2012 market share by 0.9 points to 45.7%, consolidating our market leadership. Our performance in this important market has been impressive, with market share up by 3.8 points since the spin-off in 2008.







## Illicit Trade Strategies & Prevention: Combating Smuggling

The illicit trade in cigarettes is estimated to represent approximately 600 billion units or 10% of global consumption. From left to right, **Erwan Fradet**, Manager Technology Center Codentify, **Klaus Berg**, Manager, Illicit Trade Strategies & Prevention France and Nordics, and **Christian Swan**, Illicit Trade Strategies & Prevention Manager Regulatory Policies, are part of a dedicated team charged with defining and implementing strategies to defend the company's business against the harm caused by the illicit trade in tobacco products.

## Hong Kong: Gateway to Asia



Asia is our largest Region by volume, net revenues, excluding excise taxes, and operating companies income – and a key driver of our 2012 results. From left to right, **Shikha Mahajan**, Manager Commercial Project, **Vincci Lam**, Brand Manager, **Max Liu**, Manager Sales & Distribution Hong Kong, and **Hoo Yeun Kim**, Manager Marketing Hong Kong & Macau, work in our Hong Kong offices, home also to our Regional headquarters. Their contribution to our business performance in this market, where market share in 2012 was up by 8.7 points since the spin-off to 57.6%, epitomizes our broader achievements in this dynamic part of the world.



## France: Market Leadership

Thanks to the combined efforts of employees such as, from left to right, **Louis Le Goff**, Supervisor Legal Age Meeting Point Engagement, and **Caroline Missika**, Manager Fiscal Affairs, we are the market leader in France with a 2012 share of 39.6%. Our leadership position was driven, in part, by the growing share of our *Philip Morris* brand, our fifth-largest international brand by volume. France is the largest market in Europe for the *Philip Morris* brand and the third largest worldwide after Argentina and Japan.





## Canada: Profitable Development

We acquired full ownership of Rothmans, Benson & Hedges Inc. (RBH) in late 2008, making it our first major acquisition since the spin-off. Since then our business in this profitable market, in which we achieved a share of 33.5% in 2012, has been fully integrated into the PMI family, allowing for employees such as **Nazgol Mirabdolbaghi**, Manager *Marlboro* Brand Development on short-term assignment in Switzerland, to acquire key skills and experience in other markets around the world.



## Jordan: Contributing to Success



Jordan forms part of our North Africa and Levant business where our volume and market share have grown continuously for the last ten years. In June 2011, we completed the acquisition of a cigarette operation in Jordan, our first in this part of the world. Today, **Alaa Al-Jurban**, Manager Accounting & Tax, is part of this overall success story.



## South Korea: State-of-the-Art Manufacturing



From left to right, **Chang Ho Seo**, Secondary Team Leader, **Chun Ho Lee**, Production Technician, **Sik Kim**, Supervisor Project Engineering, **Chang Soo Kim**, Electronic Technician, **Woo Kyeong Jeong**, Technical Trainer, **Jin Myung Kim**, Manager Operations Organization Development, **Yong Seob Kim**, Production Technician, and **Bong Rae Cho**, Mechanical Technician, were instrumental in successfully completing a complex project to relocate production to a new state-of-the-art facility, which qualified for commercial production in July 2012. PMI is the number one international manufacturer in South Korea, with a 2012 market share of 19.2%. Our success is driven by exciting new innovative brand launches, such as the recessed filter *Parliament Hybrid* – a non-menthol-to-menthol brand using capsule-in-filter technology. Launched in July 2012, the brand achieved a share of 0.7% by the end of the year.





## Poland: Meeting Consumer Preferences

With a share of more than 17% of the total market, up by more than two points in 2012, Poland has a long-established super-slims segment, the largest in the European Union. Meeting this type of adult consumer preference is just one of the reasons why our team including, from left to right, **Anna Leśniak**, Manager Regional Sales, **Magdalena Saternus-Batóg**, Counsel, **Agnieszka Wyszynska-Szulc**, Manager Corporate Affairs EU, and **Jacek Lewandowski**, Manager Duty Free, regularly brings different product formats to market. One such example is *Marlboro Mint Stream*, which was introduced in April 2012, contributing to our overall leadership share of 36.4% by the end of the year, up by 1.1 points versus 2011.



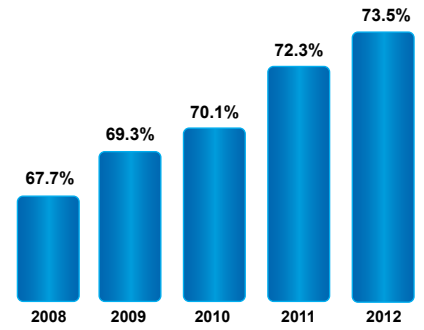


## Mexico: Good Agricultural Labor Practices (ALP)

In September last year we issued our first progress report, available on our website, describing our achievements to-date and the wide range of ongoing initiatives under our ALP Code, developed in association with Verité, a non-profit organization that promotes fair labor practices. In 2012 this Code was communicated to approximately 497,000 farmers in some 30 countries who have contractual arrangements directly with our affiliates or with third-party leaf suppliers who buy tobacco for us. From left to right, Agronomy Supervisors **Oscar Rodriguez**, **Jorge Romero** and **Jesus Delgado**, Manager Agronomy **Gerardo Ramirez** and Field Technician Assistants **Ernesto Jauregui** and **Sabino Camacho**, are a key part of that effort in Mexico, where we have direct contracts with more than 1,300 farmers.



PMI Market Share







## The Philippines: Flawless Integration

The integration of our local affiliate with Fortune Tobacco Corporation, which began following their business combination in 2010 resulting in the establishment of PMFTC Inc., continued flawlessly last year. From left to right, **Rally Romo**, Manager Internal Controls, **April Gile**, Information Systems Analyst, **Angelica Quiambao**, Compensation & Benefits Analyst, and **Michael Aguilar**, Trade Marketing Executive, are former employees of both companies who today work together seamlessly, contributing to our 2012 market share of 90.7%, driven by the two most popular brands in the market, *Fortune* and *Marlboro*.



## Spain: Rising to the Challenge

Spain felt the economic crisis in Europe more acutely than most other countries last year. Thanks to the dedication of employees such as, from left to right, **Enrique Luna**, Supervisor Duty Free, **Serena Prados**, Manager Corporate Affairs, and **Mario Corredor**, Manager Information Services – Marketing & Sales Systems, our business remains resilient, supported by a strong portfolio of brands, including *Chesterfield*, which grew its national share by 0.6 points to 9.0% in 2012.



## Romania: Focused Adaptation

In 2012, from left to right, **Liviu Vornicu**, Manager National Sales, **Adrian Gavrilă**, Area Sales Manager, **Sergiu Indrei**, Brand Manager *Marlboro* – Deployment, and Area Sales Managers **Claudiu Ilian** and **Edmund Vidam**, implemented PMI's new strategic framework in Romania that combines our marketing and sales expertise with our in-depth knowledge of our sales territories. This new framework allows us to adapt rapidly to the ever-changing operating environment and to engage more effectively with adult smokers and our direct and indirect trade partners. Our 2012 market share in Romania was 19.2%.





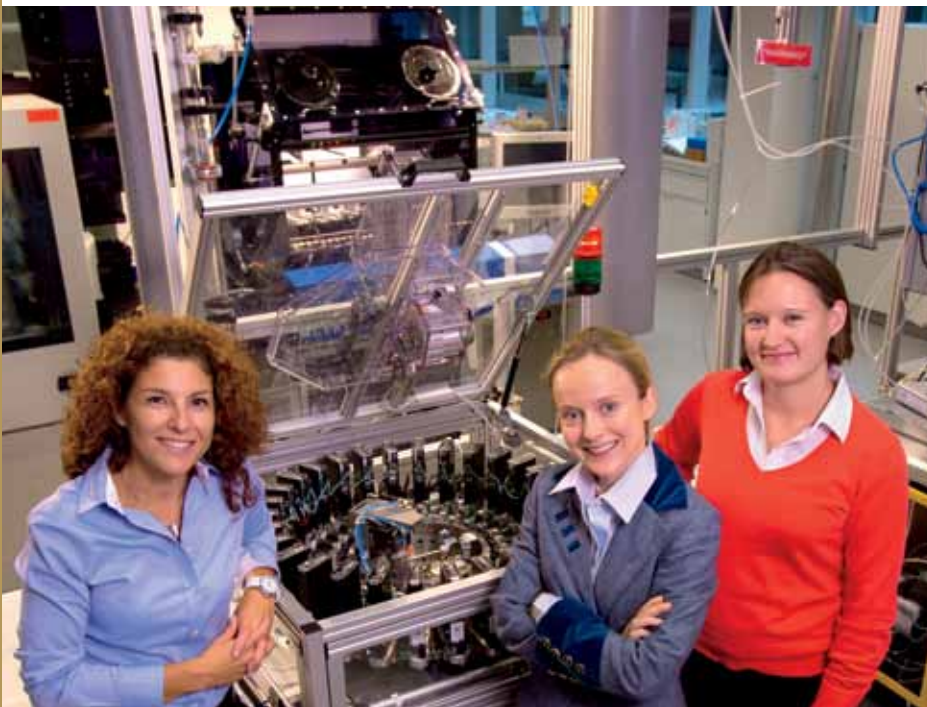
## PMI Duty Free: A Global Business

From left to right, **Rasha Muallem**, Marketing Executive Short-Term Assignment, **Cindy Kao**, Internal Controls Analyst, and **Justin Hunt**, Senior Information Systems Analyst, are part of our multicultural duty free organization of over 160 people based in nearly 30 markets that supplies over 850 brand variants to close to 150 markets covering approximately 4,000 duty and tax-free outlets worldwide.



## Ukraine: Local Leadership with International Brands

Our employees' vision in Ukraine is to be "Number One in everything we do." Epitomizing this goal was our return to market share growth in 2012, driven by *Bond Street*, the leading international brand in Ukraine and our fourth-largest brand worldwide. From left to right, **Roman Dubrova**, Primary Operator, and **Oleksandr Korobka**, Manager Continuous Improvement, are among our 1,400 employees whose collective commitment helped extend our overall market share leadership last year to 32.4%.



## Research & Development: Reshaping the Industry

Our primary R&D challenge is to deliver a world-class portfolio of innovative Next Generation Products supported by robust scientific evidence of their potential to reduce the risk of smoking-related diseases in comparison to conventional cigarettes. Employees in our principal R&D center in Switzerland such as, from left to right, **Eva Garcia Fidalgo**, Manager Analytical Laboratories, **Julia Hoeng**, Manager Computational Disease Biology, and **Sharon Carty Vogel**, Manager Quality Assurance, are dedicated to realizing this ambition.



## Indonesia: A Jewel in Our Crown

Since its acquisition in 2005, Sampoerna – which turned 99 years old in 2012 and reached a sales milestone of more than 100 billion cigarettes – has rapidly become a jewel in our crown. Over the same period, the company has increased its share, doubled its sales volume and quadrupled its profits. The company was PMI's largest volume contributor in 2012, driven by growth from each of its top five brands led by *Dji Sam Soe* and *Sampoerna A*, and grew its market

leadership share by 2.8 points to 35.6%. The company's success was based on the contribution of more than 85,000 "kretek" hand-rollers. The 16 featured here were among the top performers last year. From left to right, (front row) **Sulastri, Jumaiyah Fauziah, Siti Maisyaroh, Mujiati, Rasmianti, Wahyuningsih, Siti Halimah, Ning Sumaiyah**, (back row) **Mukayah, Mu'Anah, Jumiaten, Rubiatin, Lasmi, Muryati, Muhrisatur, and Sae Nur Laeni**.







## Germany: Developing World-Class Talent

We are the leader in Germany with a 2012 market share of 35.8%. Thanks to the efforts of our employees and the introduction of a new marketing campaign, *Marlboro*, the leading brand in the market, achieved a share of 21.3% in 2012. The team's success reflects, in part, our strategy of providing our employees around the world with overseas assignments and cross-functional moves that develop their managerial skills and leadership abilities. For example, from left to right, **Nina Meistes**, Area Sales Manager North, was previously a brand

manager in our Mexican affiliate; **André Sorge**, Senior Brand Manager *Chesterfield* & Other Portfolio Brands, joined us as a sales trainee; **Oya Onat**, Brand Manager *Marlboro*, began her career with us in Turkey; **Gerben Hillhorst**, Project Manager, started as a finance trainee in our factory in the Netherlands; and, prior to his current role, **Tammo Koerner**, National Manager Vending & Tobacco Wholesale, completed an assignment in our business planning function.







## Marlboro: "Don't Be A Maybe"

For decades, the brand image of *Marlboro* was built upon the famous cowboy campaign. We recognized that *Marlboro* needed a new communications platform for today's world. We developed the new "Don't Be A Maybe – Be *Marlboro*" campaign, which was initially implemented in Germany and rolled out to approximately 20 markets in 2012. With the new campaign, *Marlboro* encourages adult smokers to be decisive, trust themselves and follow their inspiration. *Marlboro* does not believe in "Maybes." The campaign is proving successful and contributed to the market share growth of our flagship brand in 2012.

## United Arab Emirates: Middle East Leadership

The UAE is home to our headquarters for our businesses in the six Gulf Cooperation Council (GCC) countries and employees such as, from left to right, **Christian Akiki**, Brand Manager *Parliament* & *Virginia Slims* Middle East, **Carla Lewis**, Junior Brand Manager *Marlboro*, and **Joe Zaccour**, Manager Corporate Affairs. We are the market leader in the GCC, partly reflecting the positive impact of innovative product launches such as *Marlboro Premium Black*, a pack created by the Italian designer Pininfarina, featuring a distinctive PROFRESH seal.



## Vietnam: A Promising Future

Our business in Vietnam is initially focused on *Marlboro* and six key cities that account for more than 30% of the total cigarette industry volume. Thanks to the efforts of employees such as, from left to right, **Thanh Tat Mai**, Manager Trade Marketing & Key Accounts, and **Phuong Vu**, Chief Accountant, our share of the expanding premium segment in these cities increased from 37% in 2011 to 45% at the end of last year.



## Colombia: Renewed Growth

Our team in Colombia, including **Andrés Botero**, Manager Manufacturing, consolidated our leadership position in this South American market, growing our 2012 market share by 1.8 points to 50.5%. Testament to this success, and common to markets in this part of the world, was our ability to grow both our international brand portfolio, with brands such as *Marlboro* and *L&M*, and local heritage brands such as *Boston*.





## Argentina: Outstanding Share Performance



Argentina is our largest market by volume in the Latin America & Canada Region. Our share, which has been growing consistently since the spin-off, increased by almost one full point last year to reach 74.9%. Our *Philip Morris* brand is the market leader in the country, with a share of 39.4% in 2012, and *Marlboro*, at 24.1%, is the leading brand in the premium segment. This tremendous performance is the result of the collaborative effort of employees such as, from left to right, **Facundo Gonzalez Lobo**, Controller, and **Gustavo Franco**, Manager Goya Plant.



## The Netherlands: Efficiency and Safety

From left to right, **Fleur Schouten**, Material Planner, **Muslum Cuman**, Senior Operator, **Winnie Man**, Supervisor Costing, **Vivianne Haest**, Supervisor Life Cycle Management Primary, and **Esther Saris**, Process Supervisor, are among our more than 1,400 employees who work in Bergen op Zoom (BoZ), one of our largest manufacturing facilities. With machines that operate at up to 16,000 cigarettes per minute, BoZ exports over 90% of the more than 250 brand variants it produces, primarily to France, Italy and Japan. BoZ is just one of our 53 production centers where a culture of – and commitment to – manufacturing safety drove an impressive reduction in our global lost-time injury rate of 45% in 2012 compared to our 2010 baseline.



## South Africa: A Full Portfolio



We hold a nearly one-third share of the total tobacco market in South Africa following our acquisition in 2009 of Swedish Match South Africa Limited, the leader in the pipe tobacco and snuff categories. Today, through modern marketing and sales initiatives, and thanks to employees like **Bhekizwe Mngomezulu**, Manager Procurement, we have established a strong platform for future growth.



## Costa Rica: Big Ambitions

While Costa Rica is one of the world's smaller cigarette markets, the business ambitions of our employees such as, from left to right, **Maria Liliana Rodriguez**, Coordinator Corporate Affairs & Compliance Central America, and **José Rafael Guzmán Mora**, Salesman, are no less significant. *L&M*, our second-largest brand worldwide, was launched here in 2011 and by the end of 2012 had already grown to a market share level of 3.2%, contributing to our overall market share of 61.4%.



## Russia: Investing in the Future

Russia is the single-largest international cigarette market outside of the People's Republic of China. In 2012, we stepped up our infrastructure and marketing investment, and our market share growth of 0.5 points to 26.3% demonstrates that this support is proving effective. *Marlboro's* performance in Russia is an area of prime focus. In 2012, we introduced a new range of *Marlboro* products called "Clear Taste™" featuring a milder-tasting, smoother blend and an innovative four-chambered filter. From left to right, **Valery Budnik**, Senior Operator, **Nadezhda Red'kina**, Manager Field Operations Consumer Engagement & Snus, **Natalia Mayorova**, Field Manager Consumer Engagement, and **Artem Zvyagintsev**, Field Manager, are among our more than 4,300 employees whose shared commitment is to realize the full potential of this, our flagship brand, and our other leading international brands.





## Japan: Continuous Innovation

Japan is a market where continuous innovation is a hallmark of both adult smoker preference and our own performance. It is also a market where menthol, 100mm format and light-tasting products are among the most popular, with total market segment shares in 2012 of over 25%, approximately 30% and close to 75%, respectively. Ensuring that we lead the way in bringing relevant product offerings to consumers in all these segments are our more than 1,800 employees in Japan, among them, from left to right, **Mami Sakamaki**, Brand Manager *Marlboro*, **Kayoko Sonoda**, Manager Supply Chain & Logistics,

**Tatsuya Suzuki**, District Manager, and **Kildine Pache**, Manager Human Resources General & Administration. Examples of new national launches in 2012 included *Marlboro Black Menthol Edge*, *Lark Hybrid* and *Virginia S. Ice Pearl*, which helped us achieve a full-year total market share of 27.7%, up by 3.8 points since the spin-off.

