

IQOS

THIS CHANGES EVERYTHING

We've built the world's most successful cigarette company with the world's most popular and iconic brands. Now we've made a dramatic decision. We've started building PMI's future on breakthrough smoke-free products that are a much better choice than cigarette smoking. We're investing to make these products the Philip Morris icons of the future. In these changing times, we've set a new course for the company. We're going to lead a full-scale effort to ensure that smoke-free products replace cigarettes to the benefit of adult smokers, society, our company and our shareholders.



Reduced-Risk Products - Our Product Platforms

Heated Tobacco Products

Platform

①

IQOS, using the consumables *HeatSticks* or *HEETS*, features an electronic holder that heats tobacco rather than burning it, thereby creating a nicotine-containing vapor with significantly fewer harmful toxicants compared to cigarette smoke.



Platform

②

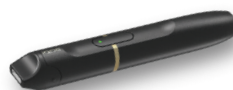
TEEPS uses a pressed carbon heat source that, once ignited, heats the tobacco without burning it, to generate a nicotine-containing vapor with a reduction in harmful toxicants similar to *IQOS*. A city launch of the product is planned in 2017.

Products Without Tobacco

Platform

③

Platform 3 is based on acquired technology that uses a chemical process to create a nicotine-containing vapor. We are exploring two routes for this platform: one with electronics and one without. A city launch of the product is planned in 2017.



Platform

④

Products under this platform are e-vapor products – battery-powered devices that produce an aerosol by vaporizing a nicotine solution. One of these – *MESH* – uses new proprietary vaporization technology.

Note: RRP (Reduced-Risk Product) is the term PMI uses to refer to products that present, are likely to present, or have the potential to present less risk of harm to smokers who switch to these products versus continued smoking. Product visuals in this report are for illustrative purposes only.