



Q2 2018 Earnings – Quarterly Metrics		
Smokeable	Q2 2018	Δ vs. Q2 2017
<i>Marlboro</i> Price Gap (vs. Lowest Effective)	31%	
<i>Marlboro</i> Net Pack Price	\$6.79	\$0.15
Lowest Effective Price	\$5.19	\$0.06
<u>Discount Segment Retail Share</u>	<u>23.9%</u>	<u>+0.1 pp</u>
Major Manufacturer Branded Discount	16.0%	(0.6 pp)
Deep Discount	7.9%	+0.7 pp
Estimated Weighted Average State Excise Tax per pack	\$1.75	\$0.01
2018 PM USA Wholesale Inventory Estimates:	(in billion units)	
End of Q2 2018	2.3	
End of Q1 2018	3.9	
End of Q2 2017	3.1	
End of Q1 2017	2.5	
2018 Cigarette Industry Wholesale Inventory (PM USA Estimates):	(in billion units)	
End of Q2 2018	5.0	
End of Q1 2018	8.1	
End of Q2 2017	6.5	
End of Q1 2017	5.5	

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

Smokeless	Q2 2018	Δ vs. Q2 2017
<i>Copenhagen</i> Price Gap (vs Leading Discount Brand)	22%	
<i>Copenhagen</i> Retail Price	\$4.74	\$0.22
Leading Discount Brand	\$3.89	\$0.22

Other	Q2 2018	1H 2018
Capital Expenditures	\$38 million	\$72 million
Ongoing Depreciation and Amortization	\$51 million	\$104 million

Note: All Smokeable and Smokeless prices reflect IRI restatement.