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Diagnostic Market Surveys

Norway Q2-2010 Industry Market Survey

Empty Discarded Pack Collection

- **Survey Objectives and Methodology Overview**
- **Executive Summary**
- **Results**

1. Survey Objectives and Methodology

Objectives

- **Provide an indication on the incidence of non-domestic or counterfeit cigarettes**
- **Gain information related to non-domestic or counterfeit cigarettes by**
 - Manufacturers
 - Regions
 - Brand families

1. Survey Objectives and Methodology Overview

- **Empty Discarded Pack (EDP) collection**
 - Random collection from streets and public bins
 - Any brand and market variant
 - 8 principal cities
 - Cities sample quotas proportional to population
 - Actual collection: 5000 packs
 - This market survey was jointly conducted for BAT and PMI
 - Fieldwork conducted between 9th – 22nd of June, 2010
- **Limitations**
 - Homes and workplaces are not covered
 - Other competitors' pack analysis: identification of domestic and non-domestic variants only
- **Caution**
 - Findings cannot be used to extrapolate volumes
 - The survey is designed to focus on trends rather than incidence at a single point in time

1. Survey Objectives and Methodology

Regional Split

| City | Sample (packs) | Sample (%) |
|--------------|----------------|-------------|
| OSLO | 1,989 | 39.78 |
| BERGEN | 871 | 17.42 |
| TRONDHEIM | 582 | 11.64 |
| STAVANGER | 420 | 8.40 |
| BAERUM | 379 | 7.58 |
| KRISTIANSAND | 277 | 5.54 |
| FREDRIKSTAD | 252 | 5.04 |
| TROMSØ | 230 | 4.60 |
| | 5,000 | 100% |



Population of selected cities represents 30.3% of total Norway population.

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2. Executive Summary

Key Findings

Industry

- High level of non domestic incidence 33.04% which is an increase compared to 2009 (29.95%).
- The highest non domestic incidence was found in the cities of Stavanger (36.19%), Baerum (35.88%) and Kristiansand (35.02%).
- Main non domestic variants are Duty Free (44.67%), Sweden (26.88%), Poland (5.93%) and Russia (3.93%).

BAT

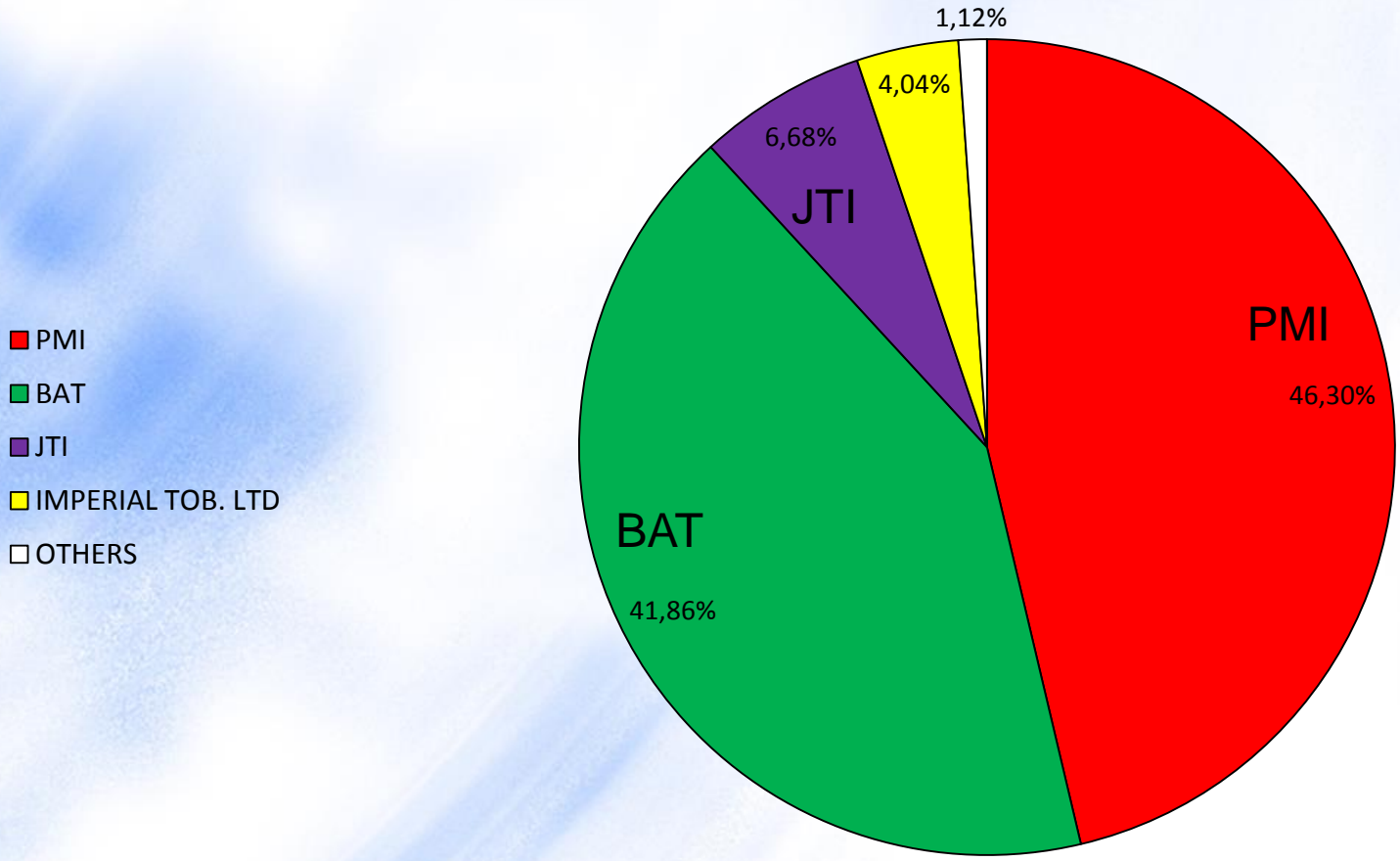
- Genuine Non Domestic incidence 24.13%
- Counterfeit incidence 0.19%

PMI

- Genuine Non Domestic incidence 35.16%
- Counterfeit incidence 1.04%

- **Survey Objectives and Methodology Overview**
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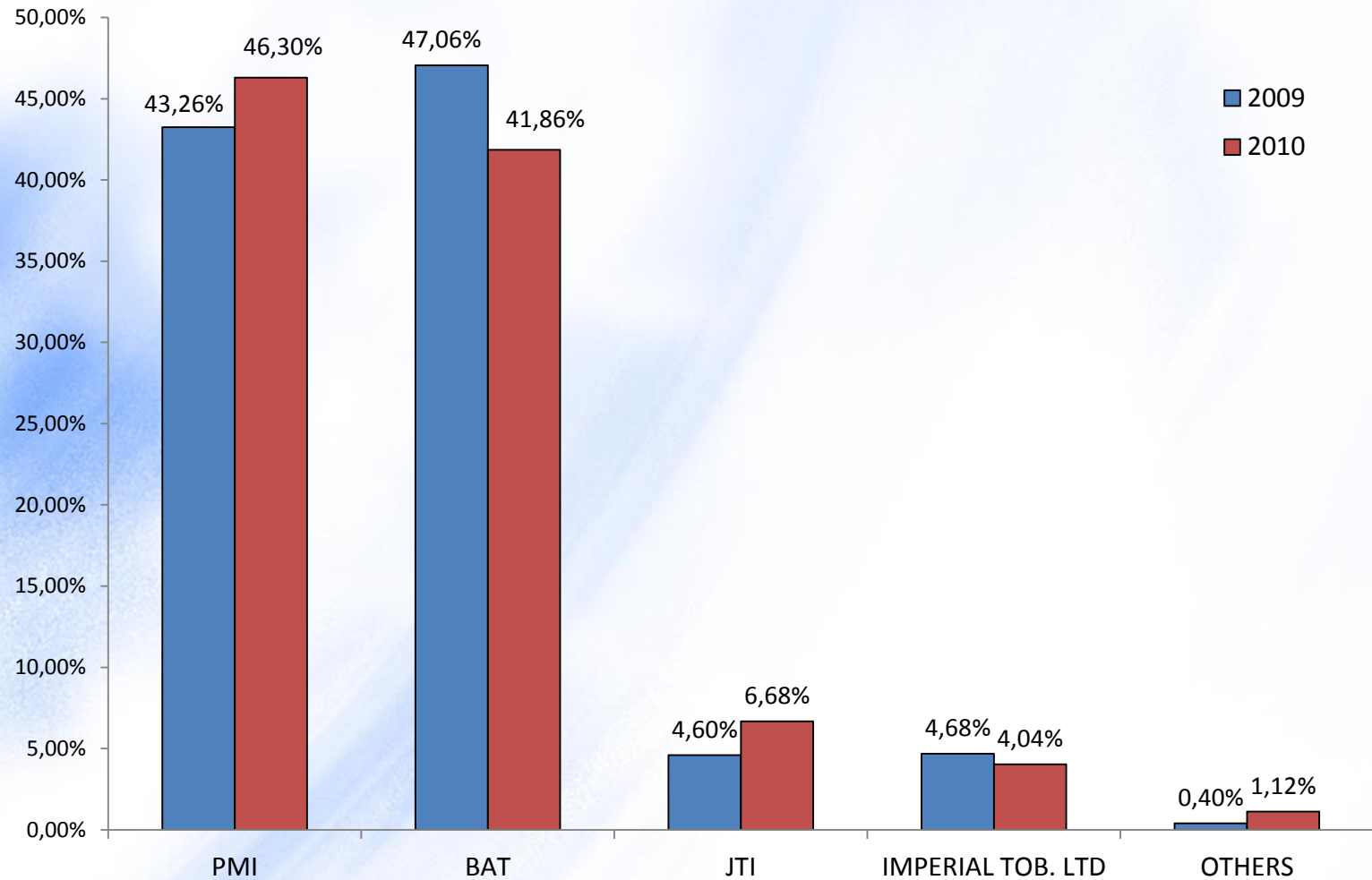
3. Results – All Packs Collected Share of Sample by Company



N = 5000 packs.

3. Results – All Packs Collected

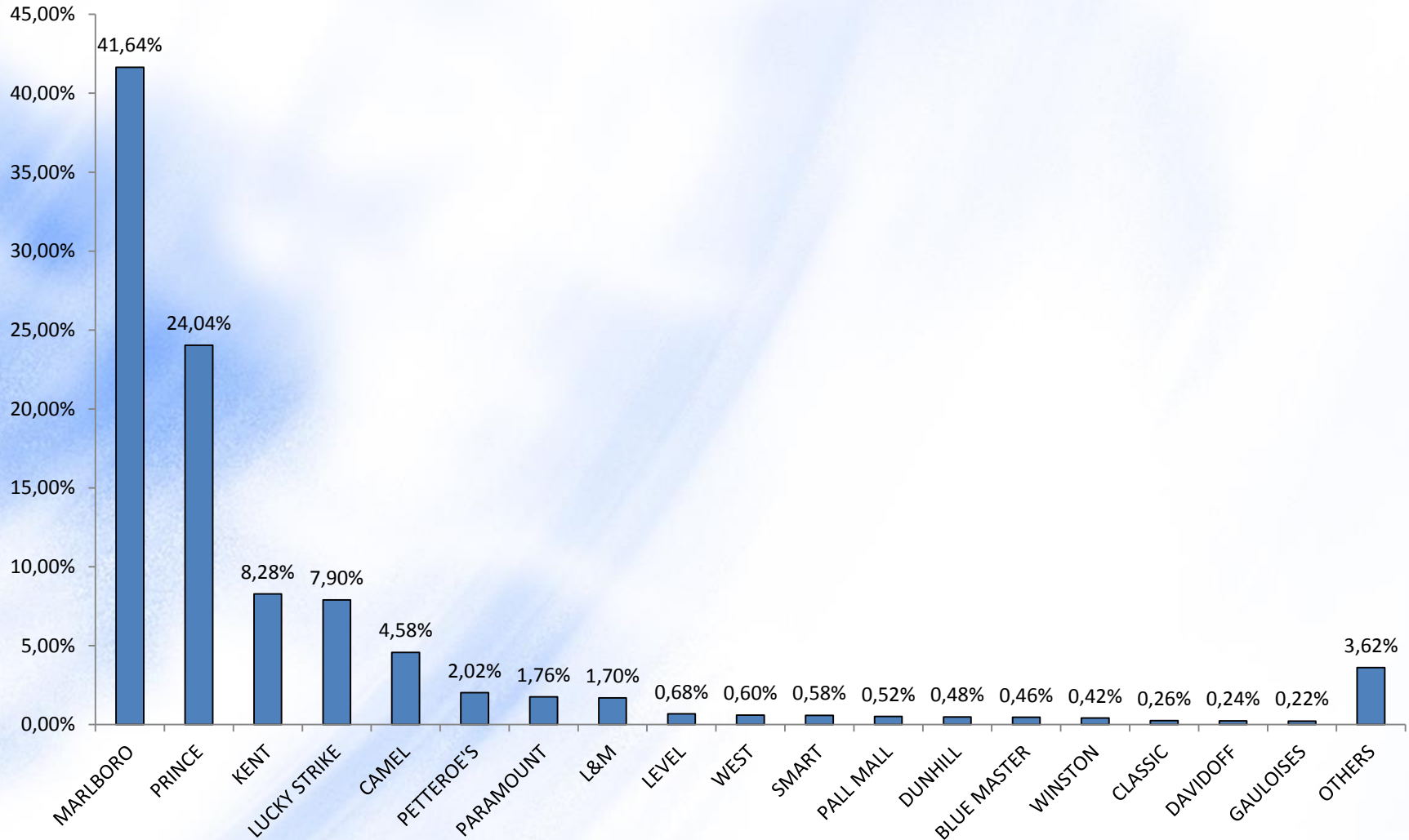
Share of Sample by Company vs. 2009



N2010 = 5000 packs; N2009 = 4998 packs.

3. Results – All Packs Collected

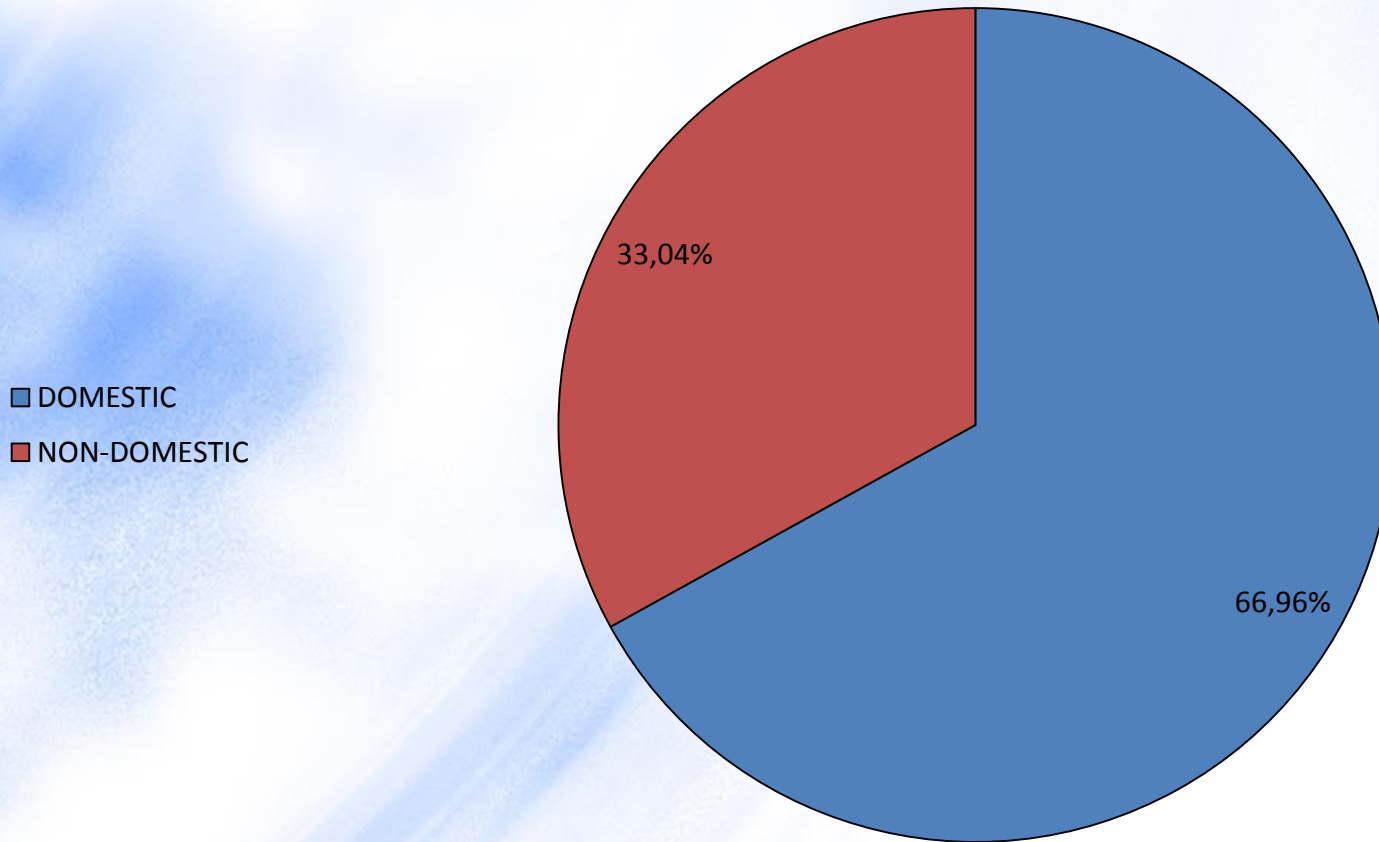
Share of sample by Brand family



N = 5000 packs.
 OTHERS are all brands with less than 10 packs.

3. Results – All Packs Collected

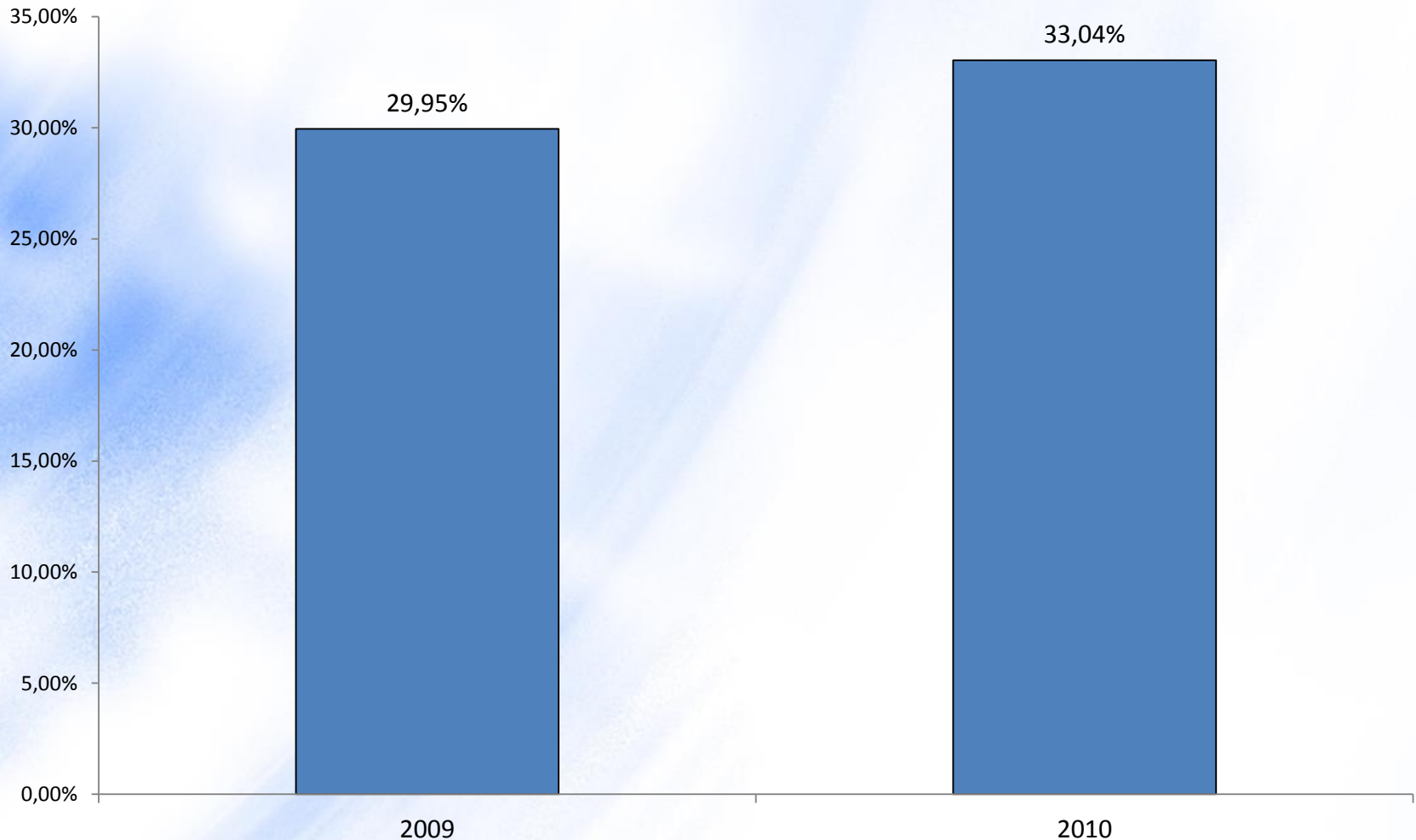
Non Domestic Incidence



N= 5000 Packs.

3. Results – All Packs Collected

Non Domestic Incidence vs. 2009



N2010 = 5000 packs; N2009 = 4998 packs.

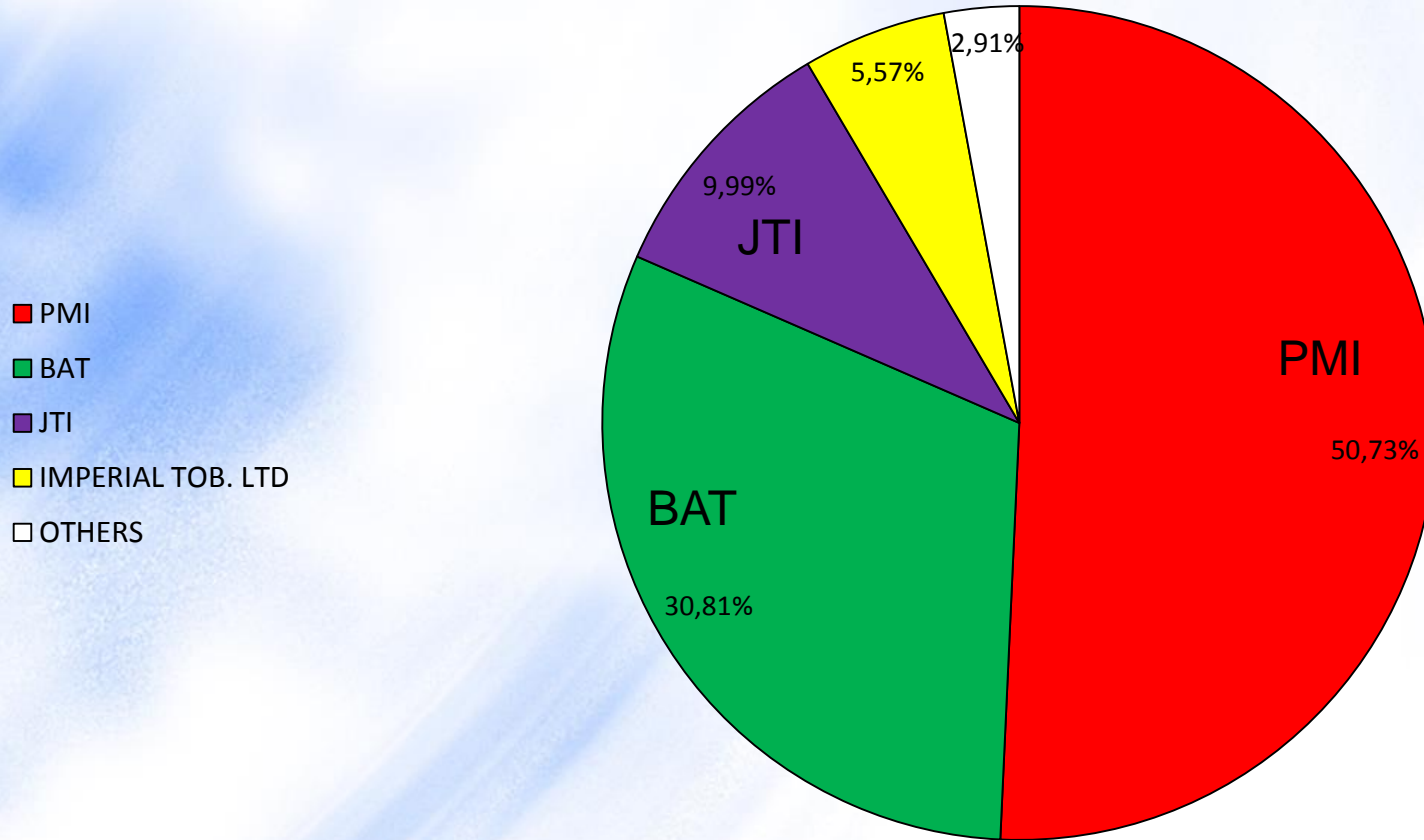
*The difference is statistically significant at 95% confidence level.

3. Results – Non Domestic

Non Domestic packs - breakdown by Company

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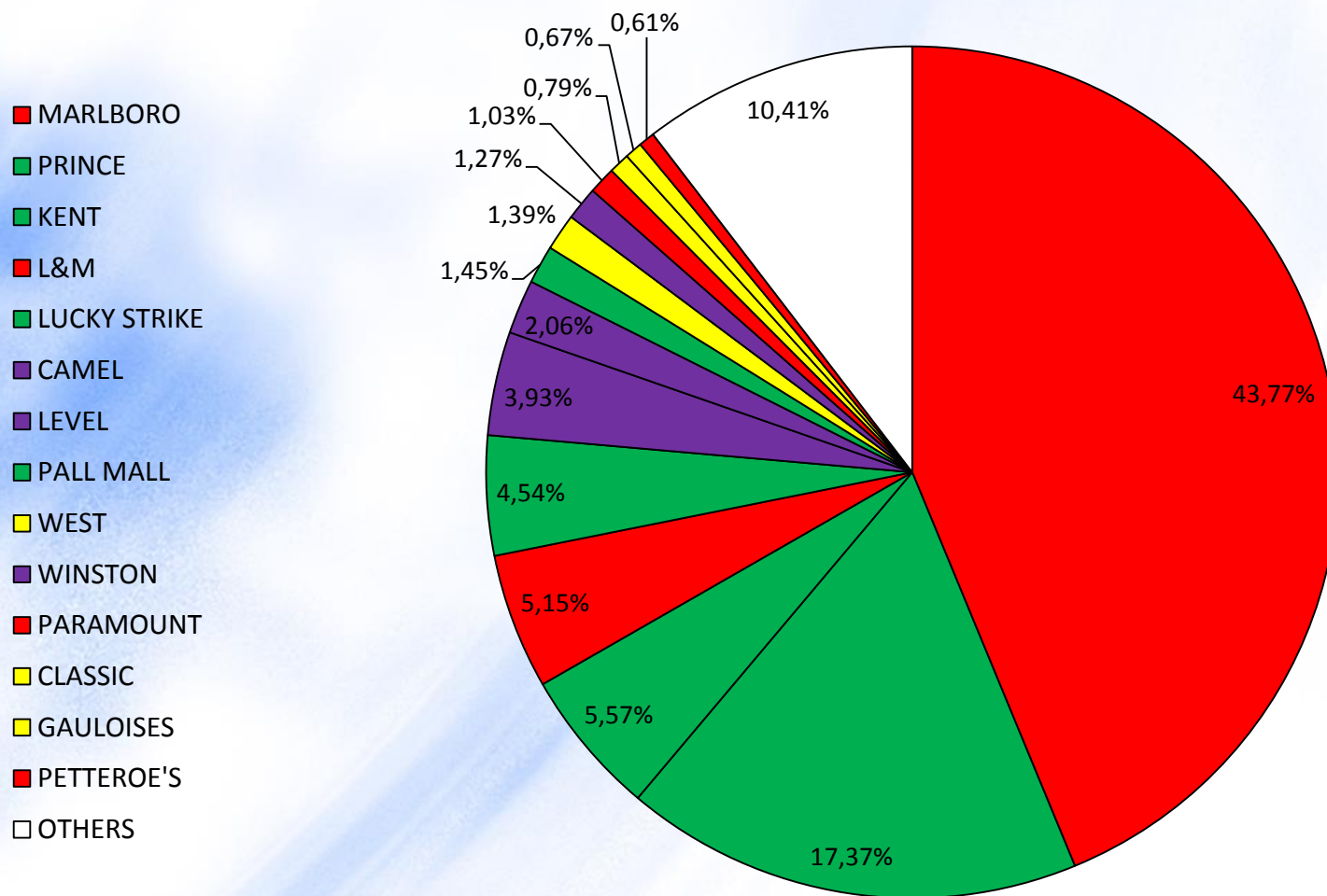
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N= 1652 Non Domestic Packs.

3. Results – Non Domestic

Non Domestic packs - breakdown by Brand

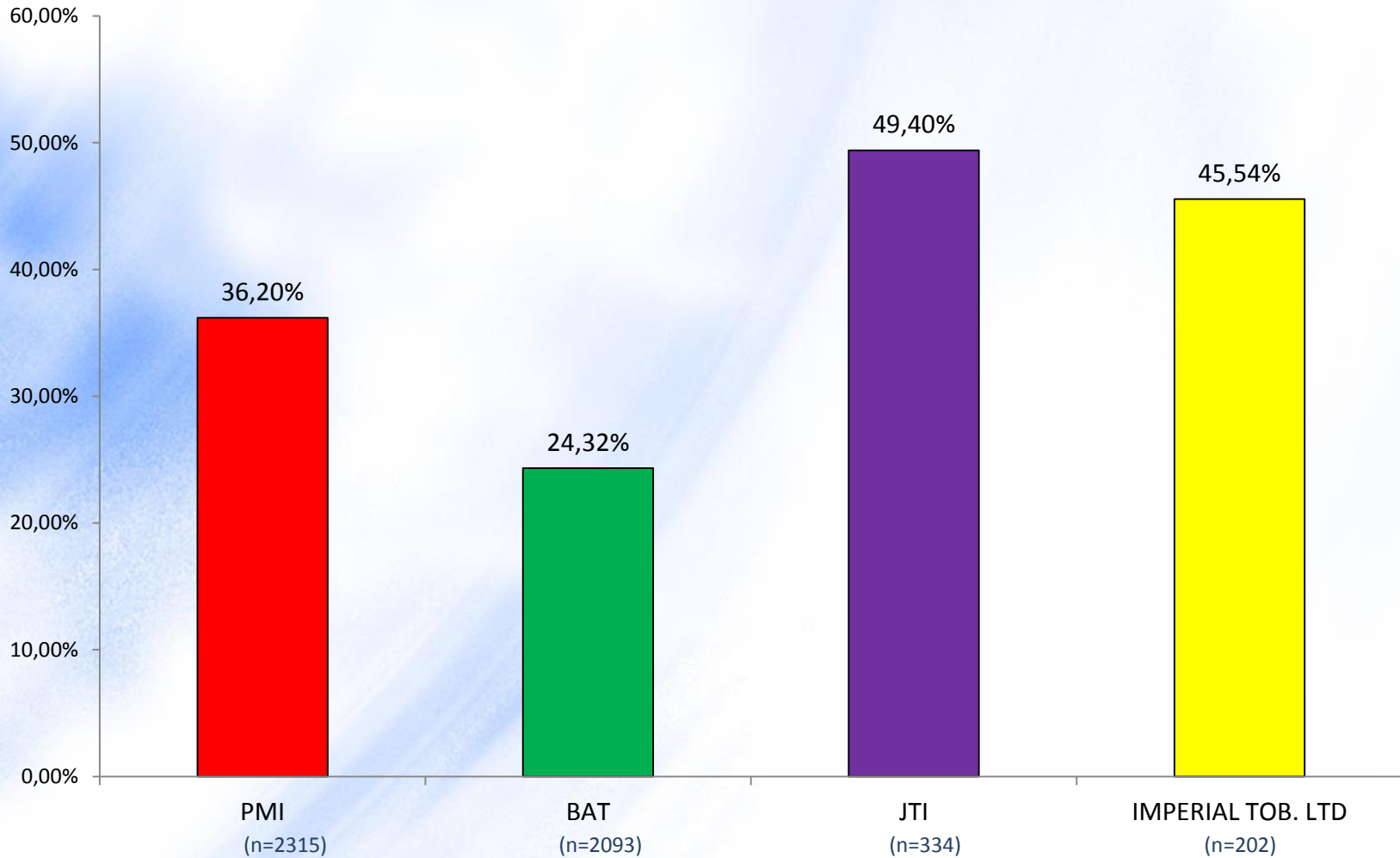


N= 1652 Non Domestic Packs.

OTHERS are all brands with less than 10 packs.

3. Results – Non Domestic

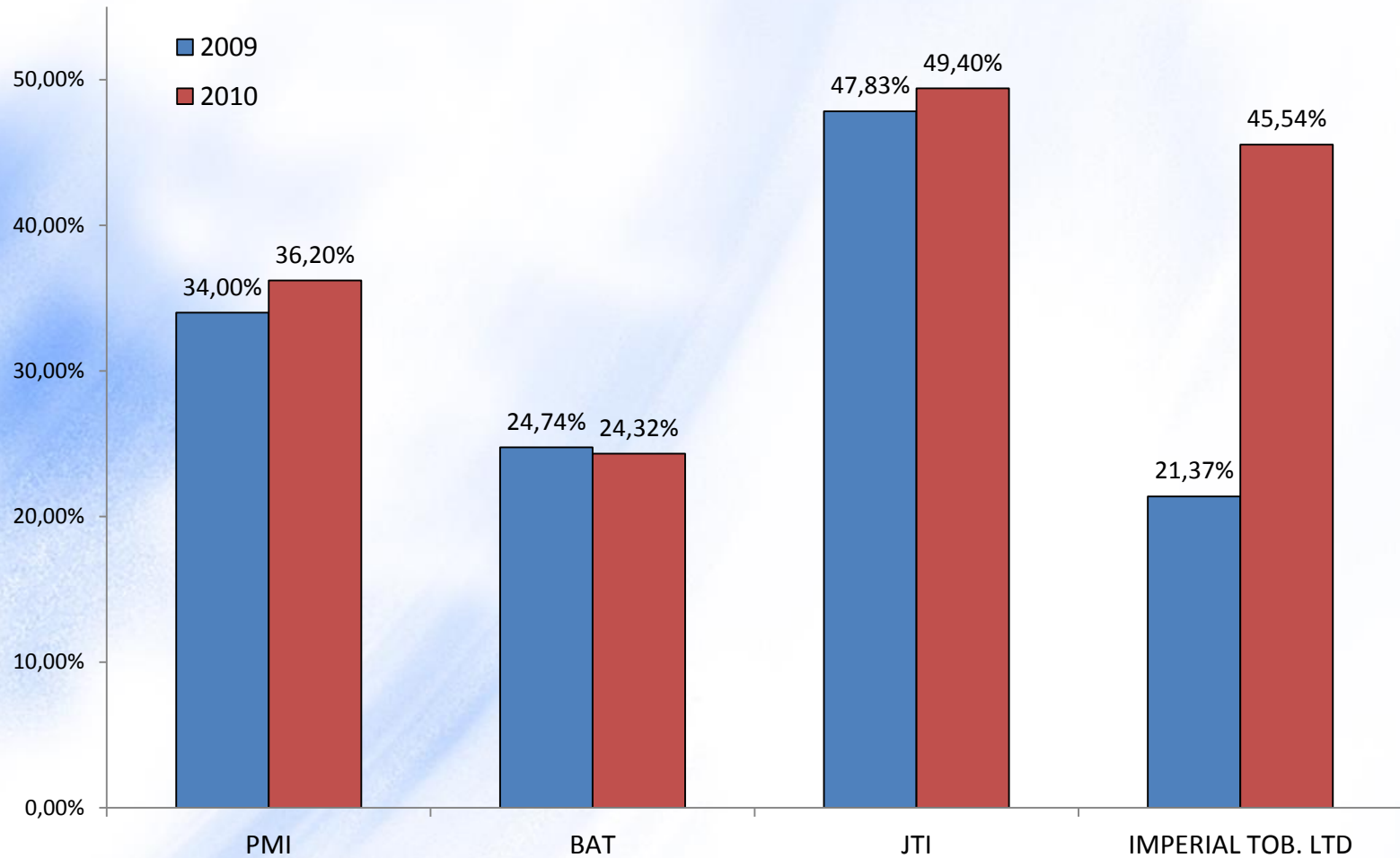
Non Domestic incidence by company



*Other companies have fewer packs than required for reliable statistics

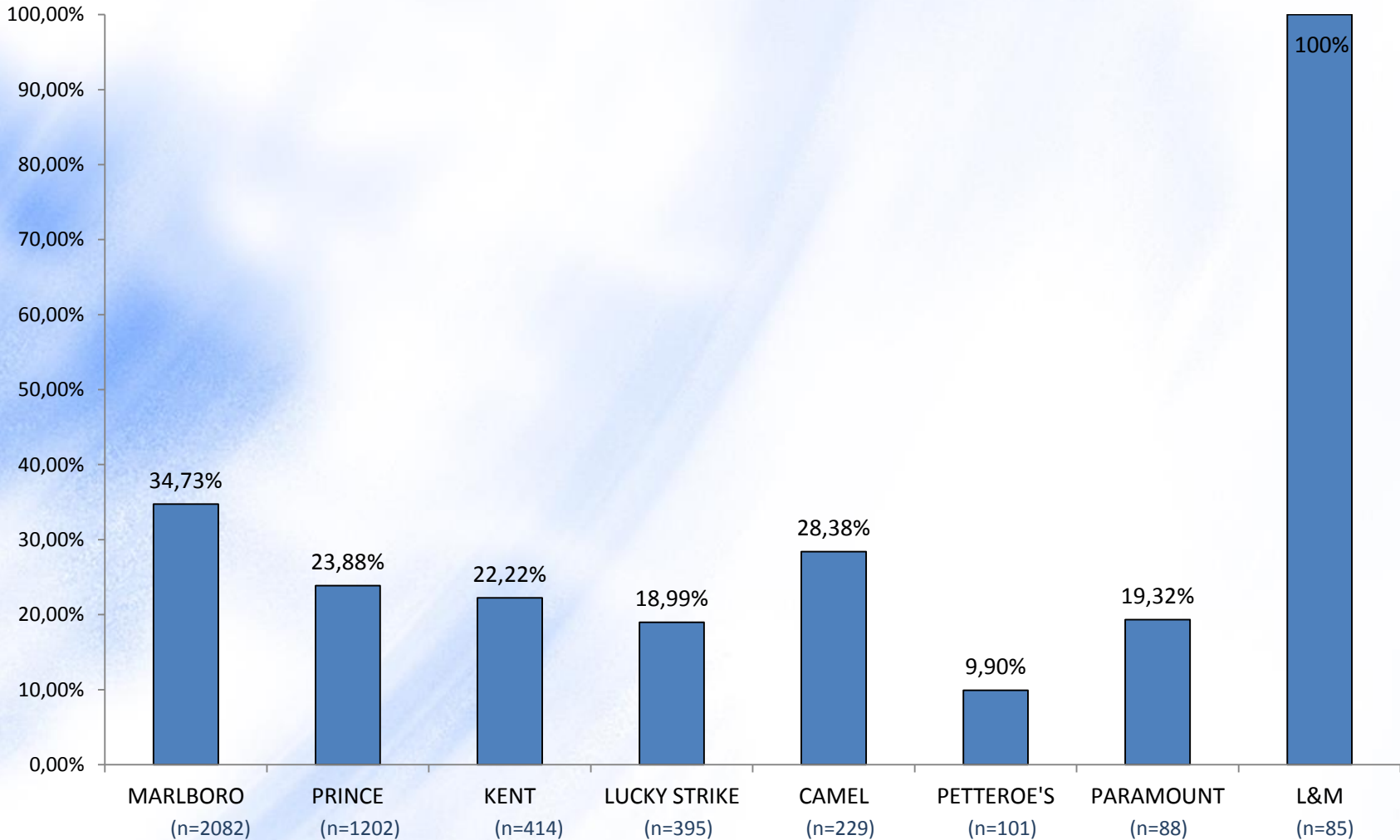
3. Results – Non Domestic

Non Domestic incidence by company vs. 2009



3. Results – Non Domestic

Non Domestic incidence by brand



Brands with a basis lower than 50 packs are not shown.

3. Results – All Packs Collected

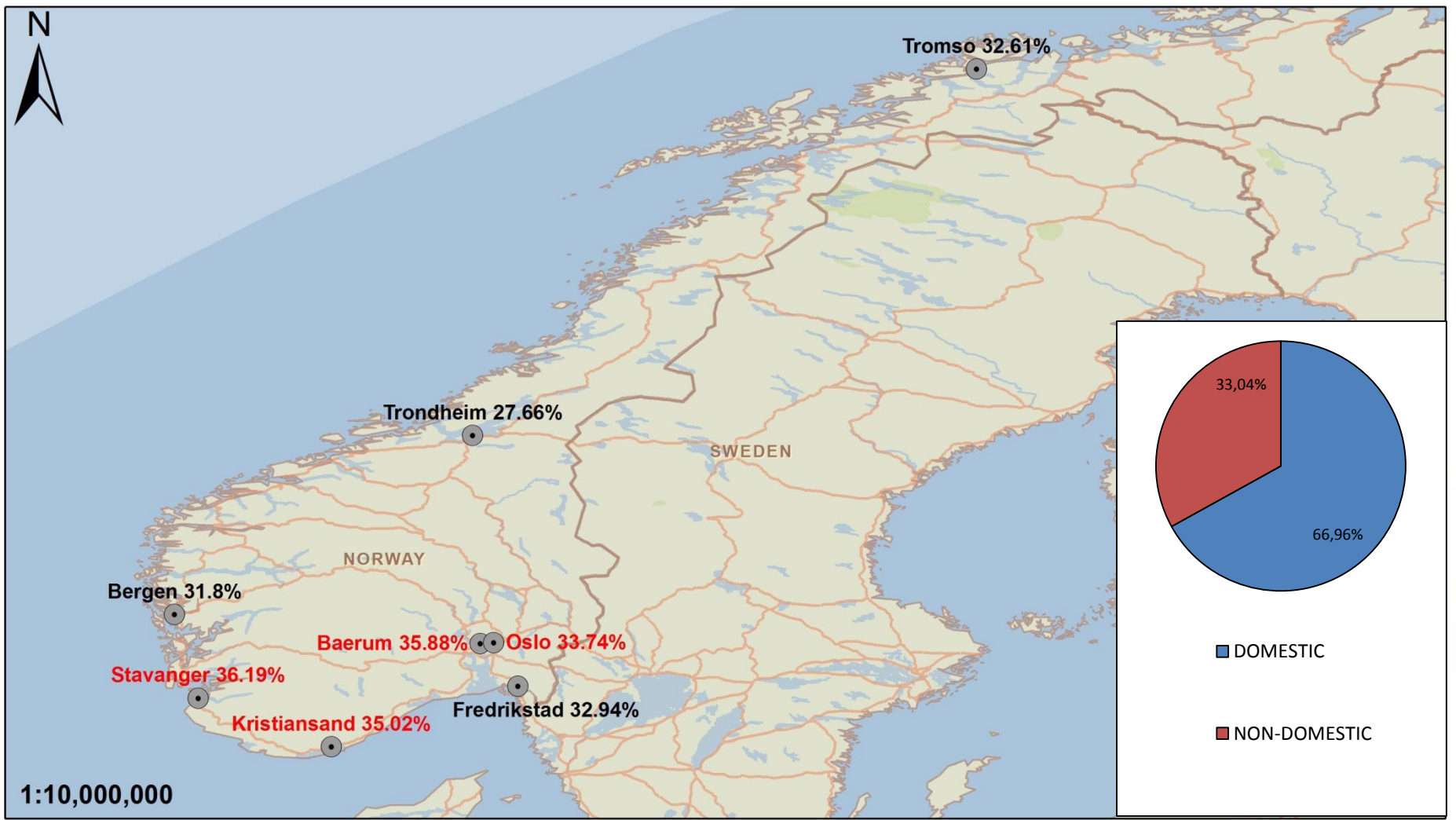
Non Domestic Incidence by City



The red line indicates the national ND level.
N= 1652 Non Domestic Packs.

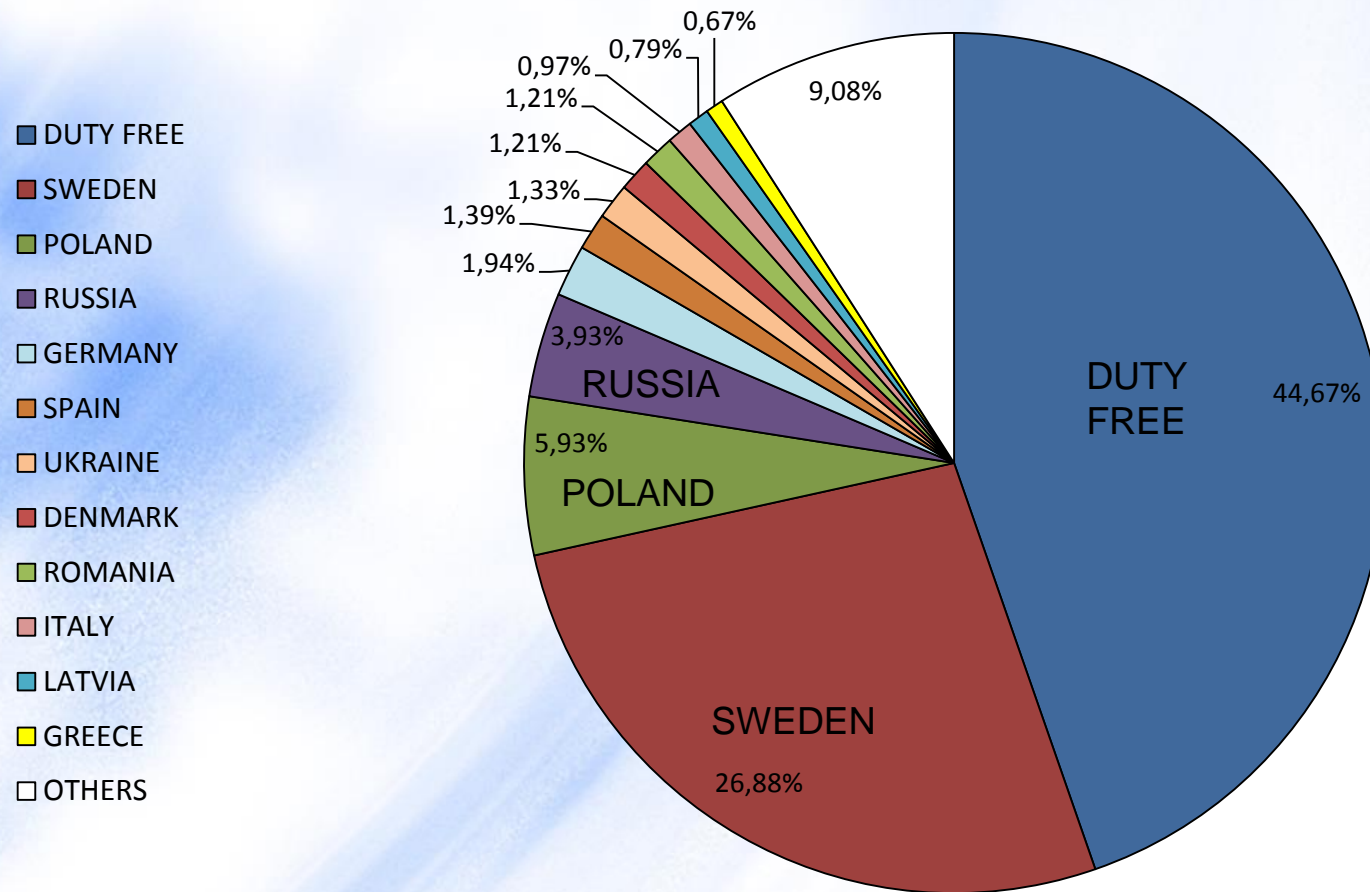
3. Results – All Packs Collected

Non Domestic Incidence by City



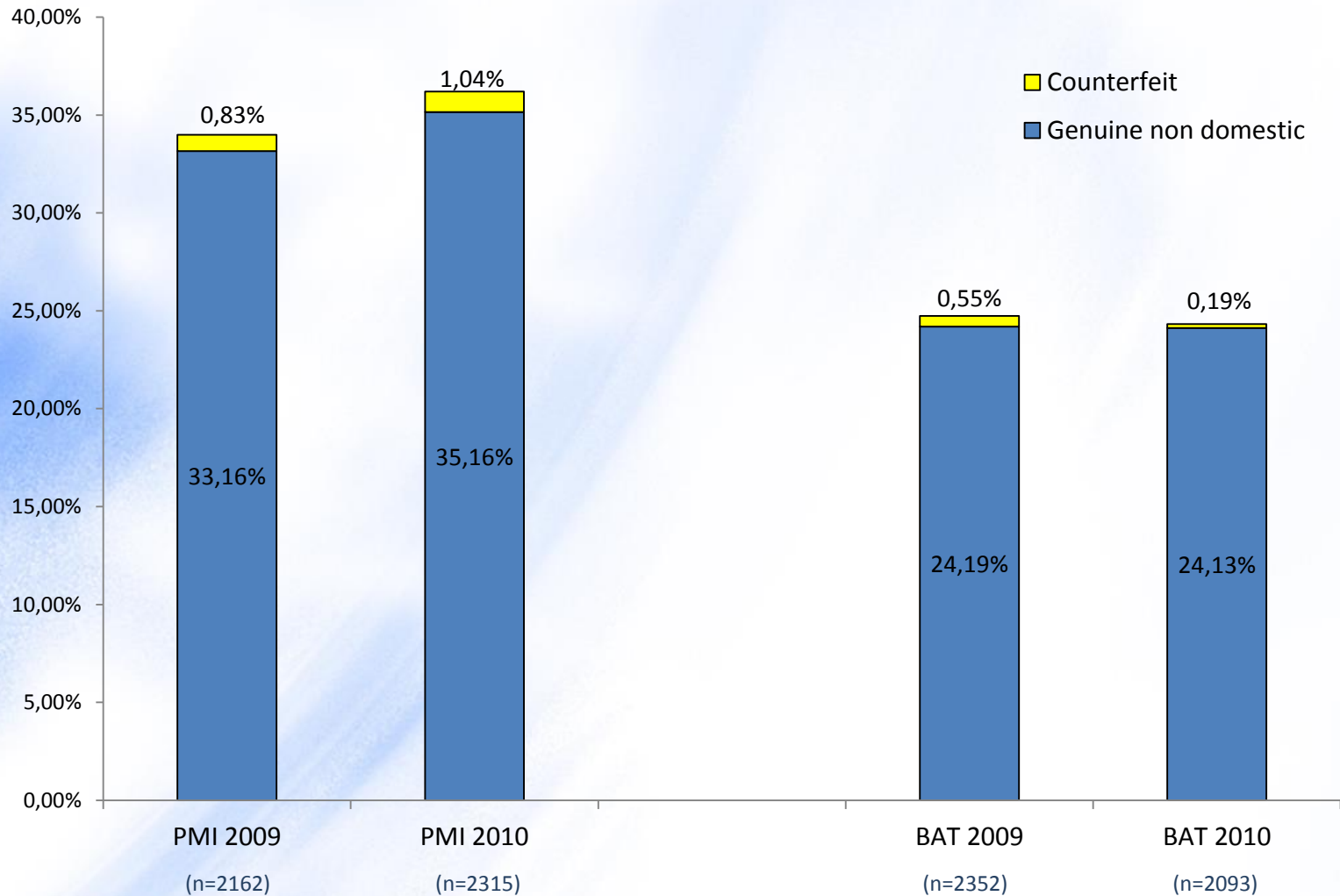
Cities with ND incidence above the national level of 33.04% are shown in red.
N= 1652 Non Domestic Packs.

3. Results – Non domestic Market variant split



N= 1652 Non domestic packs.
 OTHERS are all market variants with less than 10 packs.

3. Results – All Packs Collected Counterfeit and GND Incidence vs. 2009



N= all packs collected for each company.

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