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(SLIDE 1.)

Good morning, Ladies and Gentlemen. It is my pleasure to share with you an overview of our vibrant EEMA Region.

The following video will give you a sense of the Region's diversity, energy and dynamism – all of which are helping drive its growth opportunities.

(SLIDE 2.)

[Video]

(SLIDE 3.)

My agenda begins with an overview of the dynamics of the cigarette industry and our performance in the Region. I will then focus on our growth opportunities and strategies, highlighting initiatives taken in our key markets.

(SLIDE 4.)

Let me start with an update on the key facts of this Region.

The EEMA Region is geographically immense, stretching across 12 time zones and accounting for 45% of the Earth's land mass.

It includes 94 markets and has a population of 1.8 billion people. The total cigarette market represents more than 1.1 trillion units.

PMI employs over 12,000 very engaged and experienced people in EEMA markets and our global Duty Free business.

Our cigarette volume last year was 296.5 billion units, representing an estimated Regional share of 24.2%. Our adjusted OCI reached $4 billion.

(SLIDE 5.)

Industry volume in the EEMA Region historically has been stable at close to 1.2 trillion cigarettes.

In 2013, however, it declined by 3.9% year-on-year, driven largely by Russia, Ukraine and Turkey, which were all impacted by the growth of illicit trade. In Russia, industry volume was also impacted by steep excise tax-driven price increases. These declines were partly offset by industry volume growth in the Middle East and Africa.

(SLIDE 6.)

Despite overall industry volume headwinds, we continue to observe an up-trading environment in the Region, as premium brand volume has grown by 3.6% on a compound annual basis since 2010.

(SLIDE 7.)

Based on our superior portfolio, PMI has benefited from these premium segment trends. Since 2010, PMI's share in the Region grew by 1.4 points, reaching 24.2% in 2013. This was the largest increase by any competitor in the Region.

Our market share success has clearly been driven by our premium brands, which gained 1.5 share points.

(SLIDE 8.)

Adding further value to PMI's market share gains, our average annual pricing variance has been $527 million over the last four years. Pricing will remain an important growth driver going forward and we believe this average is sustainable.

(SLIDE 9.)

Since 2010, our estimated share of the industry revenue pool has grown by two points to 35% last year, well above our market share.

Moreover, PMI's brands captured an estimated 46% of the industry's total revenue gains since 2010. This figure speaks to the strength of our brand portfolio.

(SLIDE 10.)

I will now briefly discuss our recent results.

PMI's 2013 shipment volume in EEMA was 296.5 billion units. Our volume has grown by 0.8% on a compound annual basis since 2010, driven by industry volume growth and share gains in the Middle East and North Africa, partially offset by industry volume declines in Eastern Europe.

Excluding the impact of currency, net revenues and adjusted OCI increased by 7.8% and 12.3%, respectively, on a compound annual basis from 2010 to 2013. Adjusted OCI growth was driven by pricing, higher volume and favorable mix, partially offset by portfolio and commercial approach-related investments in a number of key markets.

This growth has been accompanied by continuous margin improvement. Our adjusted OCI margin has expanded by 3.6 percentage points since 2010 to reach 46.1% in 2013.

(SLIDE 11.)

The EEMA Region is a key contributor to PMI's strong results. In 2013, EEMA represented 34% of PMI's volume and 28% of its net revenues. Supported by growing margins, EEMA accounted for 29% of PMI's adjusted OCI in 2013.

(SLIDE 12.)

In the first quarter of 2014, we posted an adjusted OCI growth of 7.7%, excluding currency, versus the same period last year, despite a volume decrease of 7.2%, which was driven principally by a total market decline in Russia and unfavorable inventory movements in several of our markets.

It is important to mention that our first-quarter performance does not reflect our underlying business growth momentum. We expect to deliver strong results for the full year.

(SLIDE 13.)

I will now give you an overview of our growth prospects.

To facilitate my overview, I would like to focus your attention on two broad geographic areas within EEMA: first, Emerging Europe and CIS, illustrated in yellow; and second, the Middle East and Africa, shown in green. The opportunities these two areas offer, as well as their macroeconomic and demographic mid to long-term outlooks, are distinct.

In Emerging Europe and CIS, we estimate that population growth will be 0.2%, which is below world and OECD averages. The GDP growth forecast of 3.7% is slightly higher than the world's average and well above projections for OECD.

The population in the Middle East and Africa, meanwhile, is expected to grow substantially faster than the world average. Economic forecasts also point to rapid growth in this part of world.

I will now cover industry dynamics and our position in these two areas to illustrate our growth potential and highlight our strategic growth drivers.

(SLIDE 14.)

Emerging Europe & CIS currently represents the main source of profit for the Region.

The recent challenge in this part of EEMA has been rising excise tax pressure and the related impact on industry volume.

(SLIDE 15.)

2013 industry volume of 694 billion units represented a decline of 3% on a compound annual basis versus 2010. This decline was driven mainly by Russia and Ukraine, which were both impacted by significant excise tax increases.

For the next few years, we expect low single-digit volume declines in Emerging Europe and CIS, as the tobacco excise tax outlook moderates.

Further upside could come from a reduction of illicit trade volume.

(SLIDE 16.)

We foresee continued opportunities for pricing and improved mix through up-trading in Emerging Europe and CIS.

Adding to the growth in profitability, PMI has strong market share momentum, particularly in premium, as illustrated on the chart.

PMI’s premium brands gained 1.1 share points since 2010, accounting for most of our total share growth of 1.3 points.

(SLIDE 17.)

To illustrate the value of our share growth potential, one additional market share point gained on premium brands was worth an estimated $275 million in incremental net revenues in 2013. Non-premium brands, meanwhile, represented an estimated $125 million net revenue for each point of market share.

(SLIDE 18.)

Now, I will give you an overview of the industry environment in the Middle East and Africa. I will also highlight the substantial opportunities available to PMI in these geographies.

(SLIDE 19.)

Industry volume grew by 1.8% on a compound annual basis since 2008, reaching 440 billion units in 2013. We expect industry volume to continue to grow at a similar pace, driven by rapid economic expansion and population growth.

The up-trading environment in the Middle East & Africa has been remarkable. Premium brands have gained 6.4%, while the large mid and low-price segments have both expanded by approximately 1% on a compound annual basis since 2008.

Premium segment growth has been supported by a significant increase in adult smoker purchasing power and growing preference toward aspirational international brands.

As our brands command over 50% segment share, we are benefiting from the continued growth of the premium segment.

(SLIDE 20.)

Total PMI share in the Middle East & Africa grew by 4.2 points in five years, reaching 17.2% in 2013. We have gained share both from our international competitors and from local manufacturers.

The chart also highlights the opportunity to grow share in these geographies. We expect to continue to outperform the industry driven by the superior positioning or our brands and continued investment to strengthen our sales capabilities.

Further expansion in Africa is expected to supplement our share growth.

(SLIDE 21.)

These two maps illustrate the expansion of our presence in African markets since 2008. We have grown our business in this continent through strategic partnerships, acquisitions and judicious investment in our brands and organizations.

In 2013, we had a share of at least 15% in 20 markets. We have increased our share above this threshold in nine of these markets since 2008, notably in key North African countries, as well as in South Africa, where PMI's share of the tobacco market is driven mainly by our pipe and snuff brands.

We have several strategic initiatives for continuing our expansion, with a focus on Sub-Saharan Africa. These initiatives are centered on addressing adult smoker taste preferences for Virginia products and enhancing our operating structures.

(SLIDE 22.)

I would now like to sum up this section by providing the growth outlook for PMI in the EEMA Region.

PMI continues to outperform the industry in the two geographic areas that constitute our very dynamic Region and there are tremendous opportunities for us going forward.

Pricing and mix improvement represent opportunities in both geographic areas, as forecast economic growth will lead to higher disposable income and consumer willingness to spend.

In Emerging Europe and CIS, we foresee a stabilization in industry volumes. We expect our superior brand portfolio to continue to drive improved mix, particularly through growth in the premium segment.

In the Middle East and Africa, we expect industry volume growth to continue. We see great opportunities for expanding our presence in this part of EEMA, both through continued market share gains – mainly of our premium brands – and expansion into new territories.

Overall, our average annual target is for EEMA to deliver low double-digit currency-neutral OCI growth over the mid to long-term.

(SLIDE 23.)

In the next part of my presentation, I will describe our strategic priorities for the EEMA Region.

First, to strengthen our already well-balanced portfolio, we will focus on increasing the appeal of our international brands and expanding their relevance in new territories.

We will continue to be strong advocates for reasonable fiscal and regulatory frameworks as we simultaneously work to counter the illicit trade in tobacco products on both the demand and supply fronts.

To support our strategic priority of enhancing our position in the markets, we are deploying initiatives such as our new commercial approach, discussed by Fred. In the Middle East and Africa, in particular, we will actively pursue options for further expansion and will direct significant investments to enrich our organization.

Finally, we will continue to focus on first identifying and then acting on opportunities for our mid and long-term growth.

(SLIDE 24.)

Our brand strategies in EEMA markets leverage both the strength and the balance of PMI's portfolio.

PMI's price segment mix compares favorably to the industry. Premium brands represented 41% of our volume in 2013, almost three times the 14% level of our competitors.

Marlboro, which represented 29% of our volume in the Region in 2013, is by far the largest premium brand in EEMA. The brand's volume is greater than the combined volume of the three largest competing premium brands, *Kent*, *Dunhill* and *Davidoff*.

Parliament, the fastest-growing premium brand in terms of share over the last three years, is the third-largest in its segment.

PMI's portfolio is also rich with high-equity below-premium brands. These brands have a fundamental role to play during challenging economic times.

L&M and *Chesterfield* are among the four largest brands in the mid-price segment.

Bond Street is the number-one – and growing – international proposition in the low-price segment.

(SLIDE 25.)

I will now give you an overview of the initiatives for our key brands, beginning with *Marlboro.*

We focus relentlessly on building the equity and premiumness of this flagship franchise. Our initiatives have been centered on innovations relevant to adult smokers, such as capsules in our *Marlboro Beyond* variant, which is illustrated here by our market execution in Algeria.

The roll-out of *Marlboro* Architecture 2.0, which Fred presented yesterday, will further build on the brand's momentum.

(SLIDE 26.)

Marlboro gained 0.9 share points at a Regional level since 2010, reaching 7.3% in the first quarter of 2014. We are particularly encouraged by the success of our line extensions, which drove about half of this growth.

We are confident that the deployment of the brand's most recent innovative developments will continue to unlock opportunities in our markets. Specifically, in Russia, where the largest opportunity for the brand lies, our efforts will be centered on strengthening its aspirational positioning and increasing its relevance in certain adult smoker segments.

I will now highlight some of the recent initiatives for *Marlboro* deployed across the Region.

(SLIDE 27.)

Marlboro Premium Black, depicted in the first visual, is an exclusive above-premium price proposition, which introduced the *Smart Seal* solution to the franchise in the GCC and in the Dubai Airport duty-free channel. This innovative feature, which "Opens in one Move, Closes in One Move," reseals the pack in less than a second.

This variant is a notable example of how we continuously elevate and capitalize on the premiumness of the iconic *Marlboro* brand. Building on the first-class perception of *Premium Black*, we later extended the *Smart Seal* to all *Marlboro* variants in the GCC, as exemplified by the second visual.

This was a key enabler in the solid turnaround *Marlboro* posted in Saudi Arabia. *Marlboro* regained its share momentum, growing from 19.3% market share in December 2012 to nearly 22% in March 2014.

(SLIDE 28.)

In our Eastern European markets, we are focusing our efforts on increasing the brand's relevance to adult smokers who are demanding smoother, lighter-tasting products. To address this growing trend, we have introduced our revamped *Smooth* line in these markets.

As part of this initiative, we replaced *Marlboro Gold 100s* with *Marlboro Advance XL* in Serbia, providing a fresh elegant look. The new offer features the "Less Smoke Smell" benefit. The variant has increased its relevance substantially in the Legal Age (minimum 18) to 24-year-old smoker segment as illustrated by the white-columned chart.

We have also revamped the *Marlboro Touch* line, which includes the design elements of Architecture 2.0 and provides the "Less Smoke Smell" benefit.

Our initiatives continue to energize *Marlboro*. Its total market share in Serbia – illustrated in the red columns – increased by 1.4 points in one year, reaching 11.4% in 2013.

(SLIDE 29.)

To further strengthen the brand's image, we continue to deploy our modern "Be *Marlboro*" campaign, which conveys *Marlboro*'s decisive values.

The campaign played a fundamental role in *Marlboro*'s success in many of our markets. In Algeria, where the brand is now the market leader, the message has helped expand *Marlboro*'s appeal. The brand's share in Algeria has grown from 18.2% in 2010 to 34.4% in 2013.

(SLIDE 30.)

Marlboro plays a key role in our expansion to new geographies and a substantial opportunity awaits us in Africa. Given *Marlboro*'s position as the global category leader, the brand already enjoys significant awareness and is now making inroads with relevant Virginia products.

We are encouraged by our recent launches of *Marlboro Beyond* in South Africa and *Marlboro Blue Special Edition* in Senegal, which held notable market shares of 0.5% and 2.6%, respectively, in the first quarter of this year.

(SLIDE 31.)

Parliament boasts undisputed distinctiveness, quality and prestige. Positioned in the above-premium price category across our markets, it enjoys superior margins. Given the brand's strong momentum, it is expected to play an important role in our growth going forward. The launch of the *Parliament Carat* line extension, which is priced higher than the mainline, has further strengthened the appeal of this luxury franchise.

(SLIDE 32.)

Parliament, presented on the left-hand side of the chart, is the fastest-growing premium brand in the Region in terms of share growth over the last three years. The brand's share grew to 2.8% in 2013, an increase of nearly one share point since 2010. This growth was slightly higher than the combined growth of our international competitors' key premium brands, which gained 0.8 share points collectively.

(SLIDE 33.)

Parliament's robust share momentum is geographically broad based, with share growth in 22 markets across the Region, from 2010 to 2013.

Over the last three years, the brand has exhibited stellar performances in Turkey and Kazakhstan, where it grew by 2.8 and 3.9 share points, respectively.

In Russia, where *Parliament* held a 3.4% market share in 2013, we believe the brand has further opportunities to expand due to its unparalleled deluxe positioning. This growth potential is highlighted by the brand's market share performance in the trend-setting city of Moscow, where it now commands over nine share points, well above its national market share.

In the GCC, *Parliament* has more than tripled its market share since 2010, reaching 1.8% in 2013. The brand's prospects continue to be very promising. For reference, *Parliament*'s share in Kuwait currently exceeds 6%, which is indicative of the brand's potential in other GCC markets.

(SLIDE 34.)

L&M's initiatives are centered on offering product attributes comparable to those of premium brands, but at a lower price. In Russia, for example, we added a *Recessed* filter to the franchise, as shown on this visual.

In other markets, we have energized the brand with design enhancements and continued support through its communication campaign. *L&M*'s product innovations include distinctive line extensions featuring capsules and upgraded slim formats.

(SLIDE 35.)

Our initiatives for *L&M* have delivered solid volume growth in the Region. Between 2010 and 2013, the brand's volume grew by 4.8% on a compound annual basis, driven principally by gains in Russia, Saudi Arabia and Egypt. *L&M* volume surpassed 50 billion units last year.

(SLIDE 36.)

Egypt has become *L&M*'s largest volume market on a global basis. We recently revamped the pack in this key market and broadly rolled out its adult smoker engagement platform.

This has contributed to the brand's accelerated share growth from 8.8% in 2010 to 13.1% in 2013, and provided momentum for further growth in a market where we've recently established a direct presence.

(SLIDE 37.)

Chesterfield offers long-standing international heritage and status. The franchise is being expanded tactically in affordable price segments and in new taste territories.

We are confident that *Chesterfield*'s expansion and the introduction of revamped offerings in its established markets will reinvigorate the brand in the EEMA Region.

(SLIDE 38.)

Croatia provides an example of *Chesterfield*'s tactical deployment, as it was launched to replace our local brand, *Partner*, which was under pressure from competing international offerings. We rebranded *Partner*, morphing it into *Chesterfield* as illustrated by the pack shots.

The results were exceptional. *Chesterfield*'s strong brand equity drove growth well beyond *Partner's* market share of 2% in January 2013, reaching 5.7% in November 2013, after completion of the morphing.

(SLIDE 39.)

Chesterfield Panther, a progressive Virginia offer with a *Recessed* filter, has been introduced in South Africa. The variant is resonating well with adult smokers, and reached half a percent share in the highly profitable South African market.

Chesterfield Panther is a good example of how we leverage the strong operating foundation provided by the now fully integrated pipe and snuff business acquired in 2009. We believe that our efforts to enrich our cigarette brand portfolio with Virginia variants will strengthen our position in South Africa, where we hold approximately 30% of the total tobacco market.

(SLIDE 40.)

Bond Street is our light-hearted, reliable proposition in the value segment. It holds notable market share in Eastern Europe and continues to be modernized through line extensions and pack revamps.

(SLIDE 41.)

Bond Street has delivered exceptional share growth. We are especially pleased with the brand's performance in its four largest volume markets. In Kazakhstan, *Bond Street* gained 5.1 share points in three years and expanded its share leadership. The brand has also posted very strong performances in Ukraine, Serbia and Russia.

(SLIDE 42.)

I will now discuss our strategic priority to support reasonable and fact-based regulatory and fiscal frameworks.

While we continue to observe challenges from time to time in certain markets, the overall regulatory environment is manageable and we remain vigilant against irrational proposals.

On the fiscal front, we have seen significant tax increases in a few of our markets – most notably in Russia. Nevertheless, governments are predominantly focusing on optimizing their revenues with a longer-term view and are shifting toward more rational tax structures. We observe an increasing number of tax frameworks with multi-year approaches and a higher specific component.

(SLIDE 43.)

This chart illustrates the specific-to-total excise tax ratio for *Marlboro* in our key markets. Many markets already have a high proportion of specific components in their tax structures.

However, Turkey and Egypt are markets where the specific proportion is low and fiscal reform will be needed to protect the stability and predictability of government revenue going forward. In Turkey, the introduction last year of a specific component was a step in the right direction. In Egypt, excise tax reform, and a higher specific ratio, may come in the context of the introduction of a value-added tax system, which the government is considering.

(SLIDE 44.)

Another strategic priority focuses on combatting illicit trade, which is impacting industry volume in EEMA. We estimate that the annual illicit trade volume exceeds 130 billion cigarettes.

As part of PMI's worldwide initiative to curtail illicit trade, we have invested in people and technological resources.

We are sharpening our understanding of illegal product flows, which allows us to effectively work with law enforcement agencies and support tighter border controls.

We are also promoting awareness among retailers and adult smokers to highlight the negative consequences of this trade. In Russia, for instance, we launched a retailer awareness campaign with our distributor, Megapolis.

Further, in our regulatory engagement, we continue to seek stronger penalties against those involved in illicit production and trade.

We are determined in our efforts to address this issue and to unlock the opportunity that a conversion to legal volume would yield.

(SLIDE 45.)

Now I would like to turn your attention to our performance and initiatives in key markets, starting with Russia.

Cigarette industry volume declined by 6.7% in the first quarter of 2014 versus the same period last year. The decline was largely due to significant excise tax-driven price increases in a weak economy and the emergence of illicit trade. For the full year, we continue to project an industry volume decline of between 9% and 11%, which factors in the recently implemented public-place smoking ban.

PMI's market share continued to grow in the first quarter. Our share of 26.7% was up by half a point versus a year earlier.

Our profits in the quarter grew at a double-digit rate, excluding currency. This is before the contribution of our 20% shareholding in Megapolis.

Our profit growth in this market is made possible by our pricing initiatives, as well as by the success of our brands. The implementation of our commercial approach in this market, which I will now discuss in more detail, is also a fundamental factor of our success.

(SLIDE 46.)

Russia represents an excellent example of the deployment of our commercial approach. We segmented this huge country – geographically the largest in the world – into five regions and empowered our local teams to tailor the deployment of our marketing and sales programs. We invested heavily in our field organization, focusing particularly on training and innovative decision-support systems, setting us apart from our competitors.

This initiative continues to yield benefits. All five of our areas in Russia gained share in the first quarter of 2014 versus the same period last year. This has also enhanced the success of our brands, which I will now cover.

(SLIDE 47.)

We have a particularly strong position in the Russian premium segment, with our brands representing 38.1% of the segment in the first quarter of 2014. Segment share gains versus the prior year were driven by the continued robust momentum of *Parliament*. The *Carat* line extension in particular, priced at ten rubles per pack above the mainline, has reinforced the brand's image of exclusivity.

Marlboro has posted a decline within the premium segment. Although the brand has gained relevance with adult smokers in urban areas with the launch of *Marlboro ClearTaste,* plenty of work remains ahead of us. We have planned initiatives, including the roll-out of Architecture 2.0, to increase the appeal of the brand. We are determined to unlock the opportunity that the brand has, leveraging on our recently enhanced sales and marketing organization.

(SLIDE 48.)

L&M is very well positioned in the mid-price segment to capture up-trading adult smokers as they seek an affordable quality proposition. The brand was upgraded to include a *Recessed* filter and has exhibited remarkable growth, surpassing a 3% market share in March 2014.

(SLIDE 49.)

Bond Street has performed very well in the low-price segment, based on its value-for-money proposition. The brand achieved a 7% market share in the first quarter of this year.

We have recently reinforced the brand family and added progressive elements. *Bond Street Compact*, portrayed on this visual, has a slimmer diameter, a charcoal *Recessed* filter and an all-around modern look. This line extension achieved a 1% market share in less than a year.

(SLIDE 50.)

Another important pillar of our growth in Russia is our strategic investment in Megapolis, the leading consumer goods distributor in this key market.

The investment will secure long-term sustainability of an enhanced distribution platform and is projected to yield attractive financial returns to PMI.

For Megapolis, the deal will enable further investments to expand its coverage outside urban areas and enhance its distribution service levels across Russia. These distribution improvements, which are currently being implemented and are expected to be sustained in the long-term, will also benefit PMI.

(SLIDE 51.)

Our growth outlook in Russia is solid.

We expect the ongoing industry volume decline to start moderating beyond 2014, helped by excise tax developments that are anticipated to represent less of a headwind. As shown in the table, the current tax plan includes smaller annual increments to the specific component in the next two years, compared to this year.

We foresee a reduction in relative price gaps, thereby limiting the incentive for downtrading in the market.

(SLIDE 52.)

Let me now talk about Turkey, where PMI is the clear market leader. Industry volume in this market declined by 7.6% last year, due to the growth of illicit trade and an unfavorable comparison due to increased trade purchases at the end of 2012. In 2014, industry volume is showing signs of stabilization.

PMI's leading brand portfolio allows us to compete successfully across all price points.

PMI posted a strong first quarter, with volume growth of 9.7% versus the prior year, driven by *Parliament*, *Marlboro* and *Chesterfield*.

(SLIDE 53.)

Parliament's performance in Turkey has been remarkable. Our above premium franchise grew by more than two share points over the last two years, reaching 10.5%, leveraging the brand's sophistication, elegance and prestige.

Marlboro also enjoys a very strong position in Turkey, with an 8.6% market share in the first quarter of 2014. Our premium brands combined hold over 90% of Turkey's growing premium segment.

(SLIDE 54.)

Chesterfield, a brand of international heritage, is an important contributor to our overall success in Turkey. The brand was re-launched in the low-price segment to address increased price competition from cheap propositions and has gained a market share of 2.2% in less than a year since its introduction.

(SLIDE 55.)

North Africa is the second-largest volume base in EEMA, with an industry volume of 139 billion units in 2013. We expect continued industry volume growth in this geographic area, driven by favorable demographics.

PMI has delivered spectacular volume growth in North Africa. Our volume reached 37 billion units in 2013, more than double our volume in 2008, with our performance driven by the strong demand for our aspirational brands.

(SLIDE 56.)

PMI's market share reached a record 26.5% in 2013, growing by 7.7 share points since 2010. Market share gains were driven primarily by *Marlboro* and *L&M*.

Marlboro posted an outstanding performance in Algeria, Egypt and Morocco in 2013. The brand is now the market leader in Algeria.

As I highlighted earlier, we are also very pleased with *L&M's* performance in Egypt.

(SLIDE 57.)

We are investing to enhance our participation in the North African market profit pools and to reinforce our competitive position. We have established a direct presence in Egypt, where Eastern Tobacco will continue to manufacture PMI's brands. Our equity investment in Arab Investors provides PMI with enhanced earnings in Algeria and opens up the possibility for additional business opportunities.

The upside in North Africa remains substantial, as shown on the chart. Although we have established a significant presence in each key market, we believe that our brands have further growth potential.

(SLIDE 58.)

In Saudi Arabia, industry volume has been growing since 2010, and in 2013 it reached 29 billion units. PMI grew in line with the market and had a solid share of 46% last year. Our success in this profitable market is supported by the exceptional brand equity of our portfolio.

(SLIDE 59.)

Our momentum in Saudi Arabia's premium segment is robust. We are exhibiting renewed growth in this key segment, driven by *Marlboro* and *Parliament.* Our share gains accelerated in the first quarter and PMI now represents over 60% of the segment.

Marlboro, which posted a solid turnaround, has been growing since the introduction of the *Smart Seal* to the franchise, as discussed previously.

Parliament is growing rapidly in this market. We expect its growth to continue, supported by the rapid expansion of adult smoker purchasing power and increasing demand for products with a luxury positioning.

(SLIDE 60.)

L&M has also exhibited a strong performance in Saudi Arabia. We upgraded the pack and supported the brand with the spirited and adventuresome “Defy Average” campaign, as illustrated by the upper visual. We also successfully launched the innovative *L&M Forward* variant, an affordable capsule offering.

These initiatives have energized the brand, which has gained 1.3 share points since 2010 and reached an all-time high market share of 21.8% in 2013.

(SLIDE 61.)

As highlighted in today’s presentation, our business expansion in the EEMA Region continues to have a very strong momentum. We have established ourselves as the category leader in Eastern Europe and Turkey and have developed substantial businesses in the Middle East and North Africa. We are also the leader in worldwide duty-free sales.

We have every reason to believe that our best days still lie ahead. We remain focused on identifying and laying the foundation for the tremendous mid to long-term opportunities that exist across the Region.

We are aware that certain parts of the Region may at times be confronted with geopolitical turmoil, such as the Arab Spring or the recent developments in Ukraine. We are able to adapt to these situations, though they may temporarily disrupt our operations and have some short-term impact on volume and profit.

We will further strengthen our position and leverage our extensive resources in established markets to capitalize on pricing and mix improvement opportunities. We also expect to benefit from an improved volume outlook in some of these markets.

We will continue to invest in our organization and business structures to accelerate our growth momentum and maximize our returns in the Middle East and Africa where we expect robust economic and demographic growth to continue.

And, finally, we plan to introduce a world-class portfolio of Reduced-Risk Products in the EEMA Region starting in 2016, following our planned market launches in the EU and Asia Regions.

(SLIDE 62.)

To conclude, we project sustained expansion of the overall industry profit pool across the EEMA Region.

Our vibrant portfolio of leading brands provides aspirational value to adult smokers at all relevant price points. We have started the roll-out of the commercial approach in our markets, making us the leading influencer in adult smoker brand choice.

PMI's diverse, engaged and empowered organizations continue to drive the growth in our markets.

Given our many strengths in the Region, we have confidence in our ability to outperform the broader industry and successfully act on the opportunities that are available to us in the years to come.

Over the mid to long-term, we aim for EEMA to deliver average annual adjusted OCI growth at a double-digit rate, ex-currency, and to significantly contribute to PMI's superior results.

(SLIDE 63.)

Thank you.