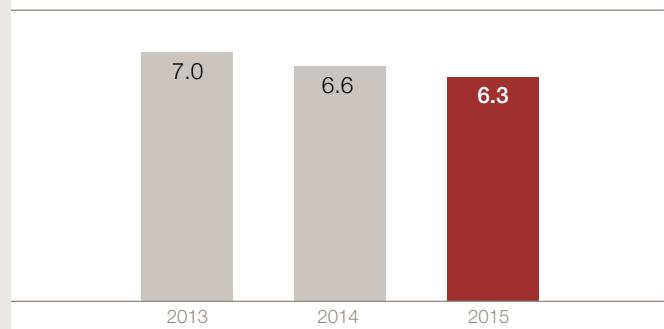


How We Measure Our Performance

Key Performance Indicators

We use key performance indicators and the supporting metrics in the Operating Review to measure the progress we make in delivering our strategy. These measures reflect our priorities and are used to monitor and drive business performance.

Tobacco Net Revenue¹ (£bn)



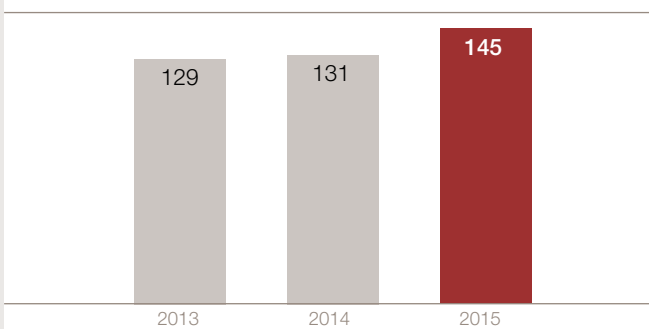
Performance

Tobacco net revenue was impacted by foreign exchange movements and conditions in Iraq and Syria. Excluding these effects, tobacco net revenue was up by 5 per cent.

Definition

Tobacco net revenue comprises tobacco revenue less duty and similar items, excluding peripheral products.

Growth Brand Volumes¹ (bn)



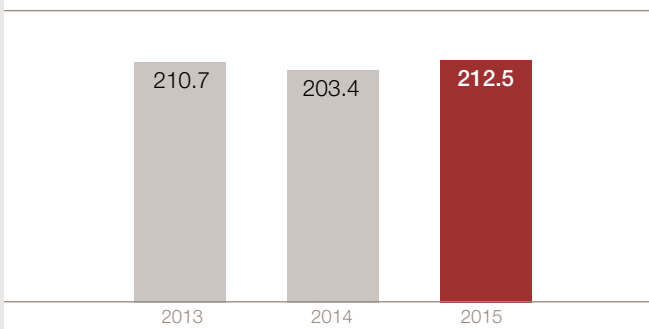
Performance

Our Growth Brands outperformed market trends, with underlying volumes up 7 per cent compared with market declines of 4 per cent. Excluding Iraq and Syria, volumes were up 14%.

Definition

Volumes are measured on a stick equivalent basis to reflect combined cigarette and fine cut tobacco volumes.

Adjusted Earnings Per Share¹ (pence)



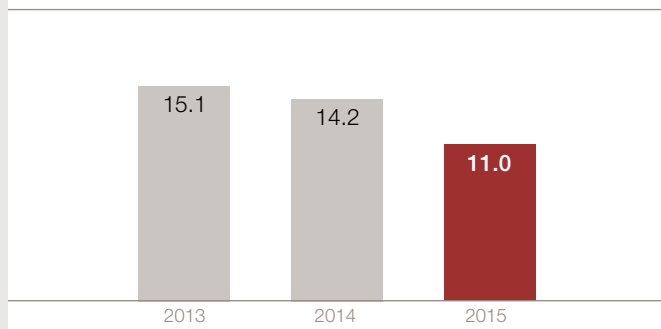
Performance

Reported adjusted earnings per share rose by 4 per cent. On a constant currency basis the increase was 8 per cent.

Definition

Adjusted earnings per share represents adjusted profit after tax attributable to the equity holders of the Company divided by the weighted average number of shares in issue during the period, excluding shares held to satisfy employee share plans and shares purchased by the Company and held as treasury shares.

Return on Invested Capital (%)



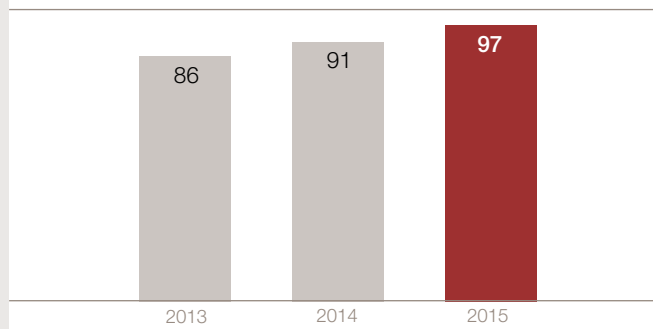
Performance

Return on Invested Capital (RoIC) declined due to the USA acquisition.

Definition

RoIC measures the effectiveness of capital allocation and is calculated by dividing adjusted net operating profit after tax by invested capital.

Cash Conversion Rate¹ (%)



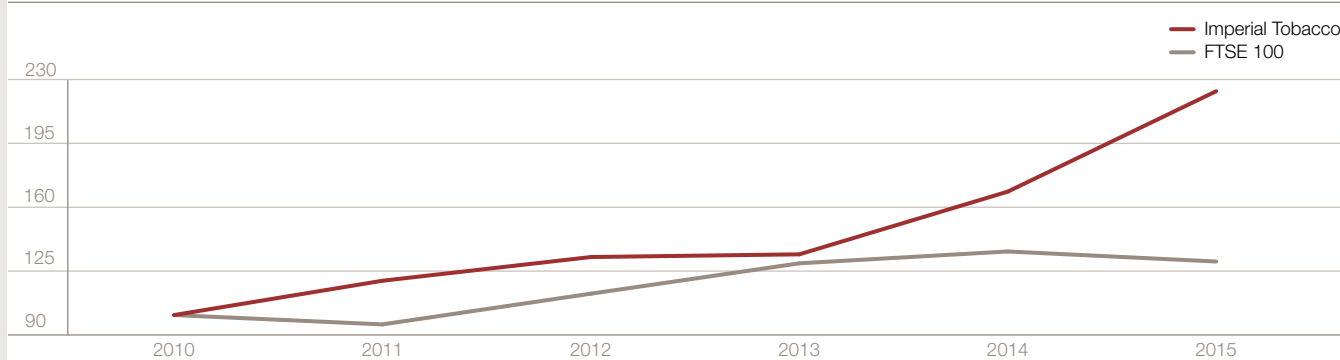
Performance

Our focus on cash generation and effective working capital management increased cash conversion to 97 per cent.

Definition

Cash conversion is calculated as cash flow from operations before interest and tax payments less net capital expenditure relating to property, plant and equipment, software and intellectual property rights as a percentage of adjusted operating profit.

Total Shareholder Return¹



Performance

In 2015 we outperformed the FTSE 100 Index by 95 per cent. With dividends reinvested, £100 invested in Imperial Tobacco five years ago would now be worth £224.60 compared with £129.80 if invested in the FTSE 100 Index.

Definition

Total shareholder return is the total investment gain to shareholders resulting from the movement in the share price and assuming dividends are immediately reinvested in shares.

¹ KPIs used as bonus and LTIP performance criteria for Executive Directors. See Remuneration Report on page 49 for more information.