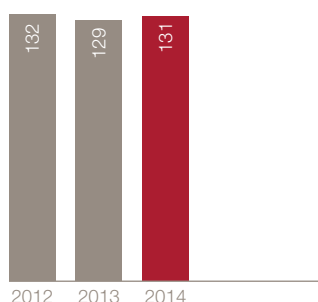


# How We Measure Our Performance

We use the key performance indicators below 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.

## Key Performance Indicators

### Growth Brand Volumes (bn)



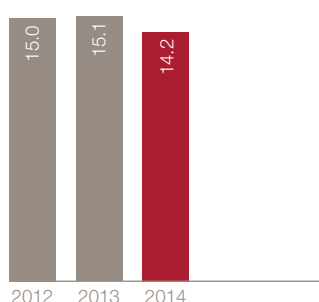
**Performance**

Our Growth Brands outperformed market trends, with underlying volumes up 7 per cent compared with market declines of 4 per cent.

**Definition**

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

### Return on Invested Capital (%)



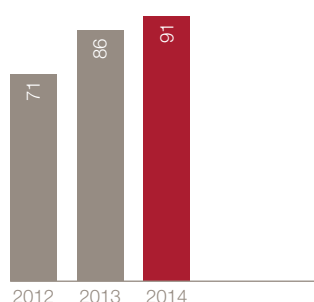
**Performance**

Return on Invested Capital (RoIC) was impacted by foreign exchange rates. Excluding this effect, RoIC was broadly stable at 14.9 per cent.

**Definition**

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

### Cash Conversion Rate (%)



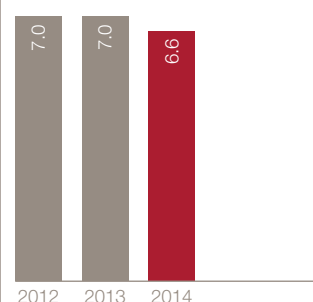
**Performance**

Our focus on cash generation and effective working capital management increased cash conversion to 91 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.

### Tobacco Net Revenue (£bn)



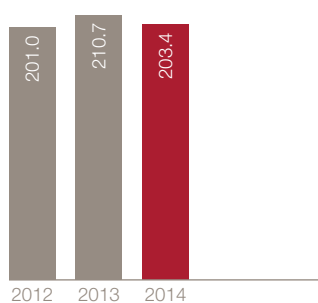
**Performance**

Tobacco net revenue was impacted by foreign exchange movements and our stock optimisation programme. Excluding these effects, tobacco net revenue was up by 2 per cent.

**Definition**

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

### Adjusted Earnings Per Share (pence)



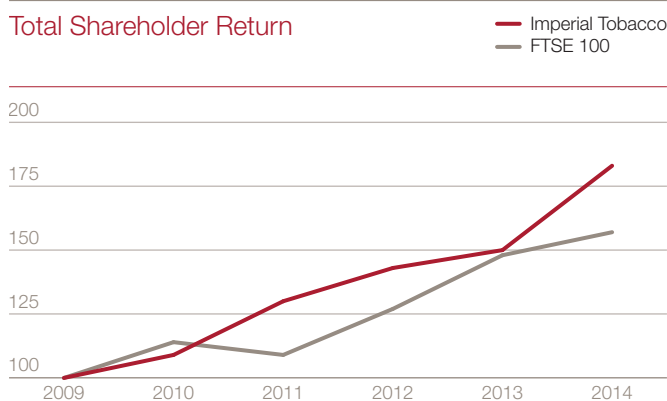
**Performance**

Adjusted earnings per share (EPS) was impacted by foreign exchange movements and our stock optimisation programme. Excluding these effects, adjusted EPS was up by 7 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.

### Total Shareholder Return



**Performance**

In 2014 we outperformed the FTSE 100 Index by 19 per cent. With dividends reinvested, £100 invested in Imperial Tobacco five years ago would now be worth £183 compared with £157 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.