

RESEARCH SAYS:

“These companies remain some of the most profitable in the world. This is thanks in part to their endless inventive ways of undermining and circumventing regulation.”

Anna Gilmore, University of Bath, UK, 2011

In recent years, publicly traded tobacco companies have consolidated through privatization and mergers. Today there are five major private tobacco companies: Philip Morris International, Altria/Philip Morris USA, Japan Tobacco International, British American Tobacco, and Imperial Tobacco. In addition to these corporations, there are sixteen state-owned tobacco companies that are the leading cigarette manufacturers in specific countries. CHINA NATIONAL TOBACCO CORPORATION IS THE LARGEST STATE-OWNED TOBACCO COMPANY, PRODUCING MORE CIGARETTES THAN ANY OTHER COMPANY IN THE WORLD. In 2008 CNTC manufactured 2.1 trillion of the 5.9 trillion cigarettes produced worldwide.

As the tobacco market has consolidated under a few major companies, the direction of these companies is beginning to change. Traditionally, company buyouts took place in order to consolidate and expand cigarette market share. Now tobacco companies are branching out into other areas of tobacco products and technology. In recent years, the major tobacco companies have purchased corporations that produce oral tobacco, such as snus. In 2011 Philip Morris International bought patent rights to a technology that delivers nicotine-infused aerosol. In the same year, British American Tobacco established

Nicoventures, a separate company dedicated to creating alternative nicotine products that offer the same experience expected from cigarettes without some of the risks of smoking.

Estimates of revenues from the global tobacco industry vary widely but are likely approaching half a trillion dollars annually. Although tobacco is ultimately a financial burden on the governments and health-care systems of countries, it is also a source of government revenue, through tobacco taxes and additional profit for those countries with state-owned tobacco companies. Each year the tobacco industry in China contributes over 7% of the central government's total revenue. If Big Tobacco were a country, it would have a gross domestic product (GDP) similar to that of Poland and Sweden.

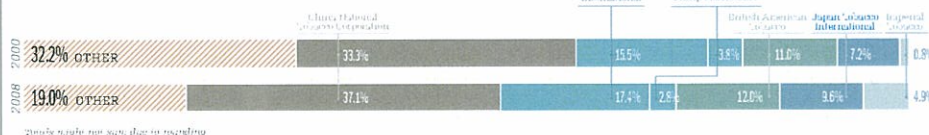
THE INDUSTRY SAYS:

“Altria Group has outperformed the S&P 500 every year since 2000 and has increased its dividend 44 times in the last 42 years. Its scale, balance sheet strength and improved operational focus make the company a compelling consumer products investment opportunity, and enable the company to have large-scale economic impact.”

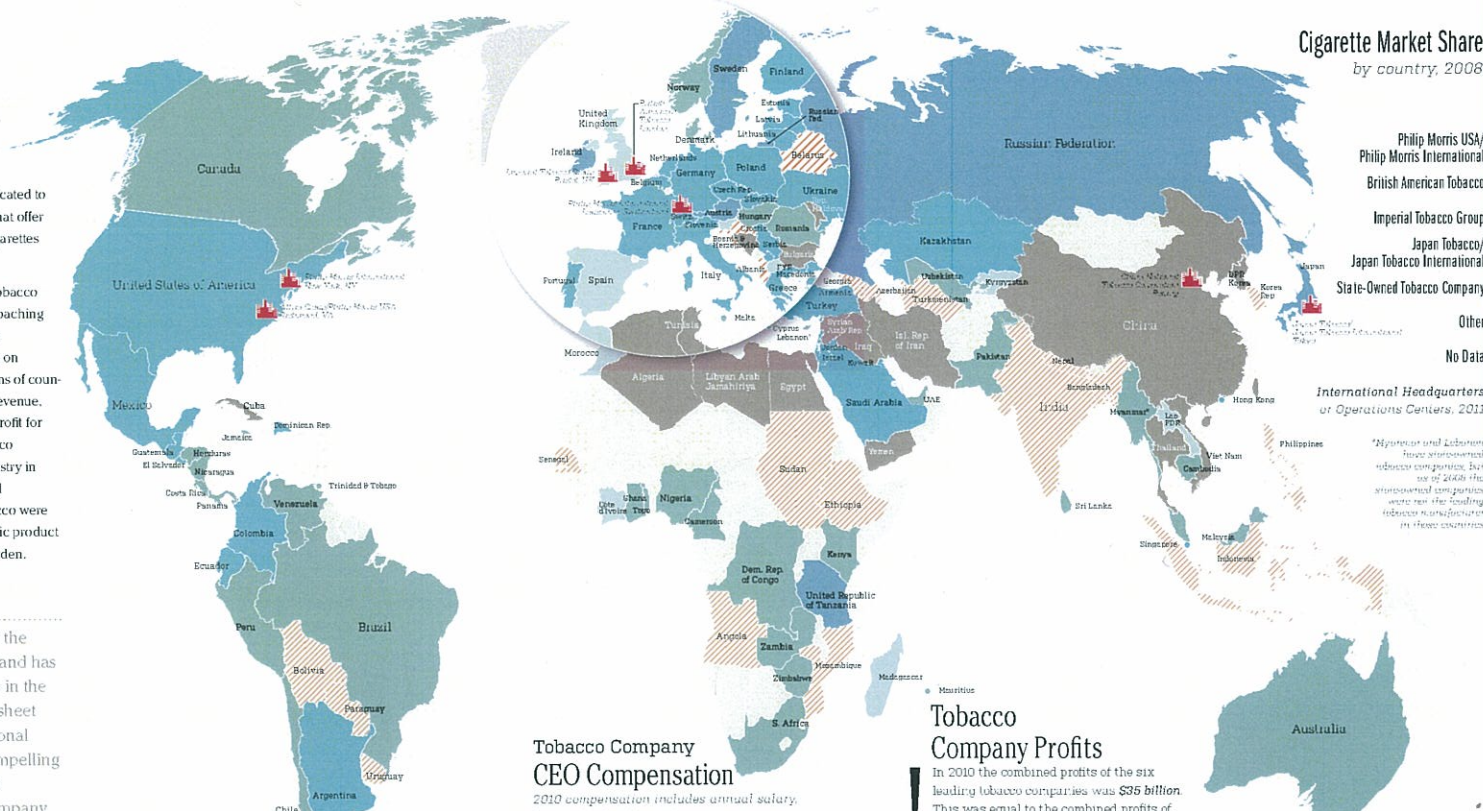
Altria website US, 2011

Global Cigarette Market Share

Percent of total number of cigarettes produced, 2000 and 2008



2000's might not sum due to rounding



Cigarette Market Share by country, 2008

Philip Morris USA/
Philip Morris International
British American Tobacco
Imperial Tobacco Group
Japan Tobacco/
Japan Tobacco International
State-Owned Tobacco Company
Other
No Data

International Headquarters of Operations Centers, 2011

*Nippon and Lorian have operational tobacco companies, but one of each the operational companies were not the leading tobacco manufacturer in these countries

Tobacco Company CEO Compensation

2010 compensation includes annual salary, bonus, stock options, etc.



Tobacco Company Profits

In 2010 the combined profits of the six leading tobacco companies was \$35 billion. This was equal to the combined profits of Coca-Cola, Microsoft, and McDonald's in 2010.

