



PHILIP MORRIS INTERNATIONAL

# Annual Meeting of Stockholders New York May 12, 2010

Louis C. Camilleri  
*Chairman and Chief Executive Officer*  
Philip Morris International



PHILIP MORRIS  
INTERNATIONAL

# Forward-Looking and Cautionary Statements

- This presentation and related discussion contain statements that, to the extent they do not relate strictly to historical or current facts, constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current plans, estimates and expectations, and are not guarantees of future performance. They are based on management’s expectations that involve a number of business risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. PMI undertakes no obligation to publicly update or revise any forward-looking statements, except in the normal course of its public disclosure obligations. The risks and uncertainties relating to the forward-looking statements in this presentation include those described under Item 1A. “Risk Factors” in PMI’s Form 10-Q for the quarter ended March 31, 2010, filed with the Securities and Exchange Commission
- Reconciliations of non-GAAP measures included in this presentation to the most comparable GAAP measures are provided either at the end of this presentation or are already available on our web site



PHILIP MORRIS INTERNATIONAL

# **Annual Meeting of Stockholders May 12, 2010**



PHILIP MORRIS  
INTERNATIONAL

## 2009 Highlights

---

- Strong financial results
- Resilient performance in part masked by significant currency headwinds
- Operating cash flow well ahead of three-year forecast made at the time of the spin
- Returned \$10 billion to our shareholders through dividends and share repurchases

# PMI 2009 Results



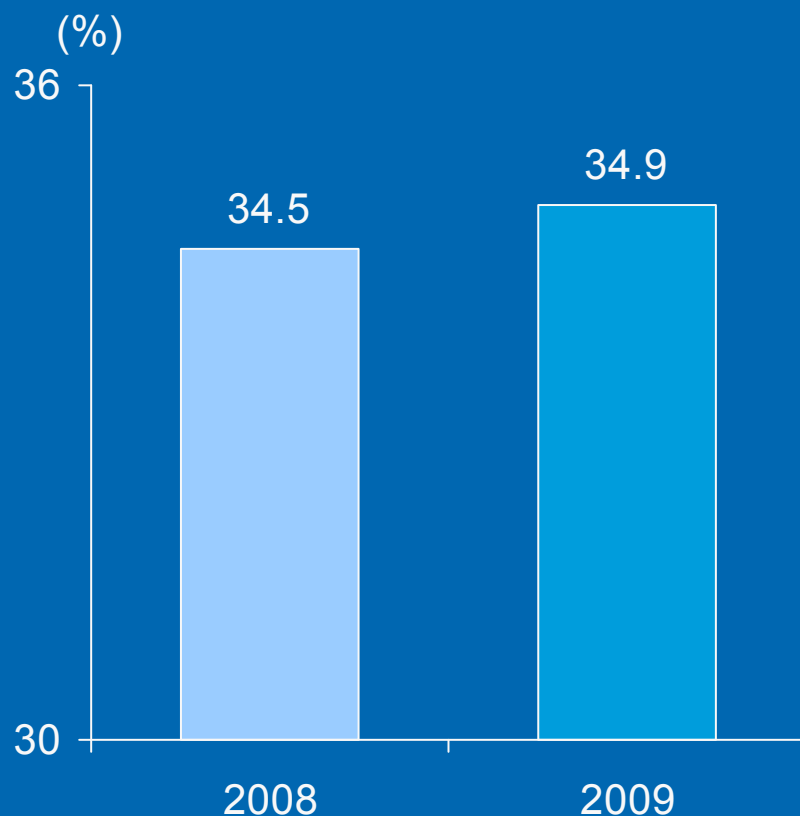
PHILIP MORRIS  
INTERNATIONAL

	2009 Results (billion)	% Growth 2009 vs. 2008	
		<u>Actual</u>	<u>Excl. Acquisitions</u>
Cigarette Volume	864.0	- 0.7 %	- 1.5 %

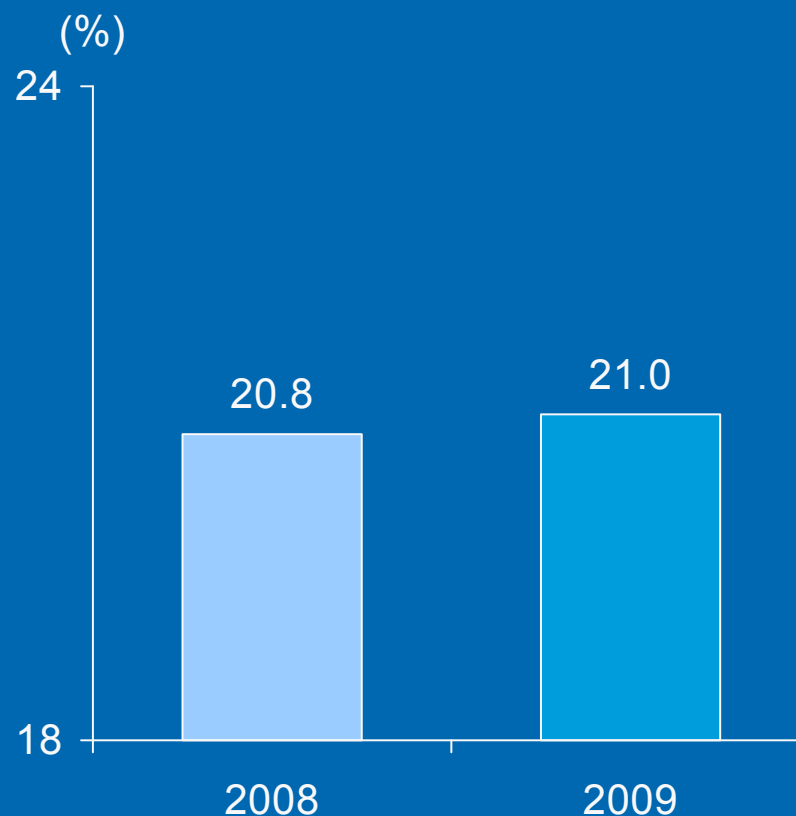


# PMI 2009 Share Developments

OECD markets<sup>(a)</sup>



Non-OECD markets<sup>(b)</sup>



(a) Excluding USA and duty free

(b) Excluding PRC and duty free

Note: For definition of OECD countries, refer to PMI's Registration Statement on Form 10 Information Statement (page 68) dated March 7, 2008

Source: PMI estimates

# PMI 2009 Results



PHILIP MORRIS  
INTERNATIONAL

	2009 Results (\$ billion)	% Growth 2009 vs. 2008		
		<u>Actual</u>	<u>Excl. Currency</u>	<u>Excl. Currency &amp; Acquisitions</u>
Net Revenues <sup>(a)</sup>	25.0	- 2.6 %	+ 7.5 %	+ 5.3 %

(a) Excluding excise taxes  
Source: PMI Financials

# PMI 2009 Results



PHILIP MORRIS  
INTERNATIONAL

	2009 Results (\$ billion)	% Growth 2009 vs. 2008		
		<u>Actual</u>	<u>Excl. Currency</u>	<u>Excl. Currency &amp; Acquisitions</u>
Net Revenues <sup>(a)</sup>	25.0	- 2.6 %	+ 7.5 %	+ 5.3 %
Adjusted OCI <sup>(b)</sup>	10.4	- 1.9 %	+ 11.1 %	+ 8.7 %

(a) Excluding excise taxes

(b) Excludes asset impairment, exit and other costs

Source: PMI Financials



PHILIP MORRIS  
INTERNATIONAL

# PMI 2009 Results

	2009 Results (\$)	% Growth 2009 vs. 2008		
		<u>Actual</u>	<u>Excl. Currency</u>	<u>Excl. Currency &amp; Acquisitions</u>
Net Revenues <sup>(a)</sup>	25.0	- 2.6 %	+ 7.5 %	+ 5.3 %
Adjusted OCI <sup>(b)</sup>	10.4	- 1.9 %	+ 11.1 %	+ 8.7 %
Adjusted Diluted EPS <sup>(b)</sup>	3.29	- 0.6 %	+ 15.4 %	

(a) Excluding excise taxes

(b) Excludes asset impairment, exit and other costs

Source: PMI Financials



## PMI Results vs. Mid to Long-Term Annual Growth Targets

	<u>Mid to Long-Term Annual Growth Targets</u>	<u>FY, 2008</u>	<u>FY, 2009</u>
Cigarette Volume <sup>(a)</sup>	1 %	+ 1.0 %	- 1.5 %
Net Revenues <sup>(b)(c)</sup>	4 – 6 %	+ 5.6 %	+ 5.3 %
Adjusted OCI <sup>(c)(d)</sup>	6 – 8 %	+ 9.8 %	+ 8.7 %
Adjusted Diluted EPS <sup>(d)(e)</sup>	10 – 12 %	+ 12.9 %	+ 15.4 %

(a) Excluding acquisitions

(b) Excluding excise taxes

(c) Excluding currency and acquisitions

(d) Excluding asset impairment, exit and other costs

(e) Excluding currency; 2008 results compared to pro forma 2007 results

Note: For 2008 vs. 2007 reconciliations, please refer to slides 88-90 in November 2009 Morgan Stanley presentation, available on PMI's website

Source: PMI Financials



# PMI Results vs. Mid to Long-Term Annual Growth Targets

	<u>Mid to Long-Term Annual Growth Targets</u>	<u>FY, 2008</u>	<u>FY, 2009</u>	<u>Q1, 2010</u>
Cigarette Volume <sup>(a)</sup>	1 %	+ 1.0 %	- 1.5 %	- 2.3 %
Net Revenues <sup>(b)(c)</sup>	4 – 6 %	+ 5.6 %	+ 5.3 %	+ 6.1 %
Adjusted OCI <sup>(c)(d)</sup>	6 – 8 %	+ 9.8 %	+ 8.7 %	+ 8.6 %
Adjusted Diluted EPS <sup>(d)(e)</sup>	10 – 12 %	+ 12.9 %	+ 15.4 %	+ 13.5 %

(a) Excluding acquisitions

(b) Excluding excise taxes

(c) Excluding currency and acquisitions

(d) Excluding asset impairment, exit and other costs

(e) Excluding currency; 2008 results compared to pro forma 2007 results

Note: For 2008 vs. 2007 reconciliations, please refer to slides 88-90 in November 2009 Morgan Stanley presentation, available on PMI's website

Source: PMI Financials



PHILIP MORRIS  
INTERNATIONAL

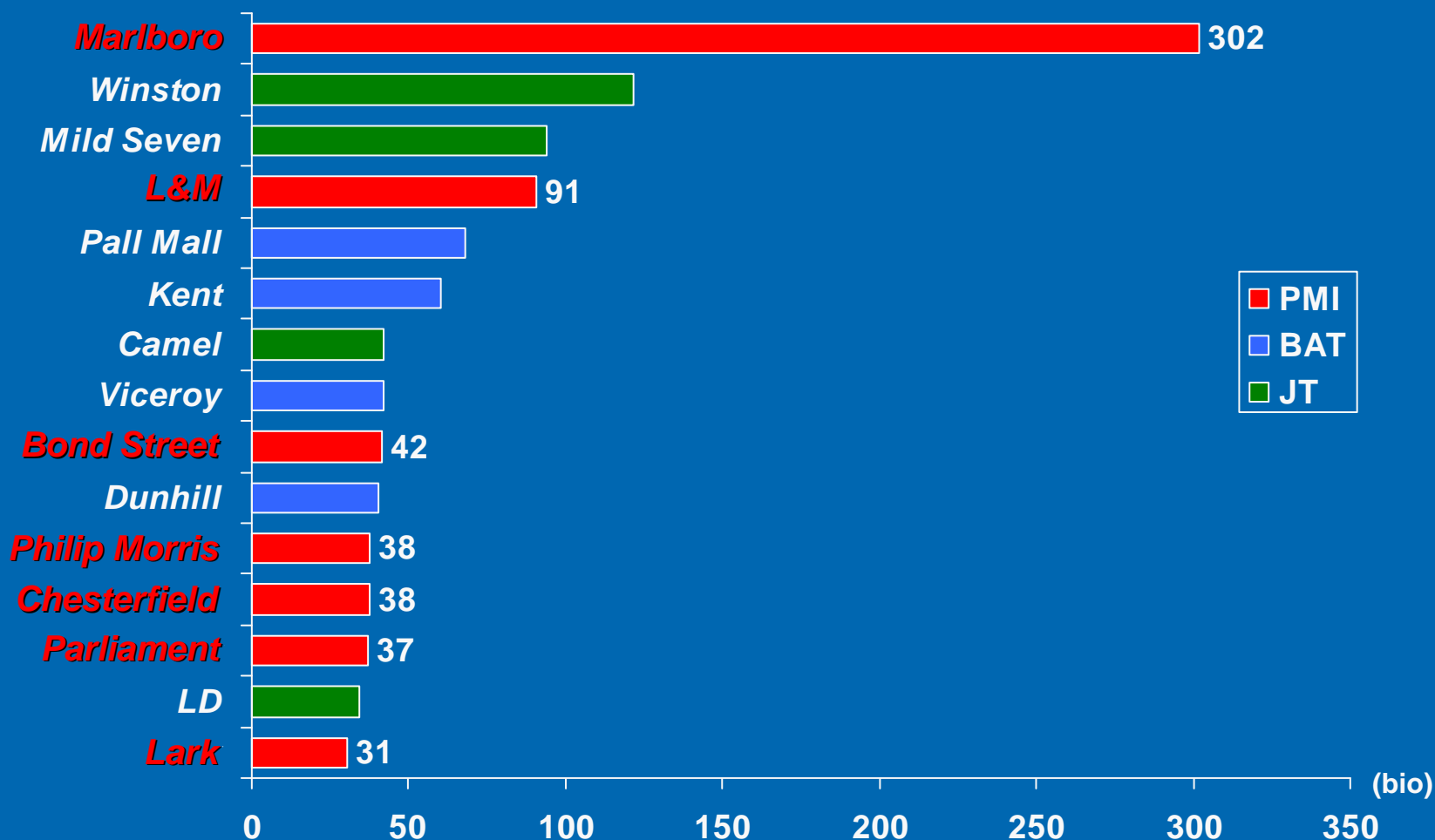
# PMI 2010 First-Quarter Results

	Q1, 2010 Results (billion)	% Growth Q1, 2010 vs. Q1, 2009	
		<u>Actual</u>	<u>Excl. Acquisitions</u>
Cigarette Volume	204.7	0.7 %	- 2.3 %



PHILIP MORRIS  
INTERNATIONAL

# Top 15 International Brands (2009)



- Only truly global cigarette brand
- Leading 18.0% market share in EU Region in Q1, 2010
- Over 60% of *Marlboro* volume sold outside EU Region
- Global volume in Q1, 2010, down just 0.6%, and up by 1.4% excluding Romania and Turkey

## New Architecture

Red:



Gold:



Fresh:





PHILIP MORRIS  
INTERNATIONAL

# PMI 2010 First-Quarter Results

	Q1, 2010 Results (\$ billion)	% Growth Q1, 2010 vs. Q1, 2009		
		<u>Actual</u>	<u>Excl. Currency</u>	<u>Excl. Currency &amp; Acquisitions</u>
Net Revenues <sup>(a)</sup>	6.5	+ 16.1 %	+ 8.0 %	+ 6.1 %

(a) Excluding excise taxes  
Source: PMI Financials



PHILIP MORRIS  
INTERNATIONAL

# PMI 2010 First-Quarter Results

	Q1, 2010 Results (\$ billion)	% Growth Q1, 2010 vs. Q1, 2009		
		<u>Actual</u>	<u>Excl. Currency</u>	<u>Excl. Currency &amp; Acquisitions</u>
Net Revenues <sup>(a)</sup>	6.5	+ 16.1 %	+ 8.0 %	+ 6.1 %
Adjusted OCI <sup>(b)</sup>	2.8	+ 17.0 %	+ 8.9 %	+ 8.6 %

(a) Excluding excise taxes

(b) Excludes asset impairment, exit and other costs

Source: PMI Financials



PHILIP MORRIS  
INTERNATIONAL

## Adjusted OCI Margins<sup>(a)</sup>

	<u>Q1, 2009</u>	<u>Q1, 2010</u>	<u>Variance</u>
EU	48.7 %	49.0 %	0.3 pp
EEMA	40.4 %	45.0 %	4.6 pp
Asia	41.6 %	37.8 %	(3.8)pp
LA & Canada	27.3 %	30.2 %	2.9 pp
<b>Total PMI</b>	<b>42.3 %</b>	<b>42.7 %</b>	<b>0.4 pp</b>

(a) Excluding currency impact

Note: Margins are calculated as adjusted OCI, divided by net revenues, excluding excise taxes

Source: PMI Financials



PHILIP MORRIS  
INTERNATIONAL

# PMI 2010 First-Quarter Results

	Q1, 2010 Results (\$)	% Growth Q1, 2010 vs. Q1, 2009		
		<u>Actual</u>	<u>Excl. Currency</u>	<u>Excl. Currency &amp; Acquisitions</u>
Net Revenues <sup>(a)</sup>	6.5	+ 16.1 %	+ 8.0 %	+ 6.1 %
Adjusted OCI <sup>(b)</sup>	2.8	+ 17.0 %	+ 8.9 %	+ 8.6 %
Adjusted Diluted EPS <sup>(b)</sup>	0.90	+ 21.6 %	+ 13.5 %	

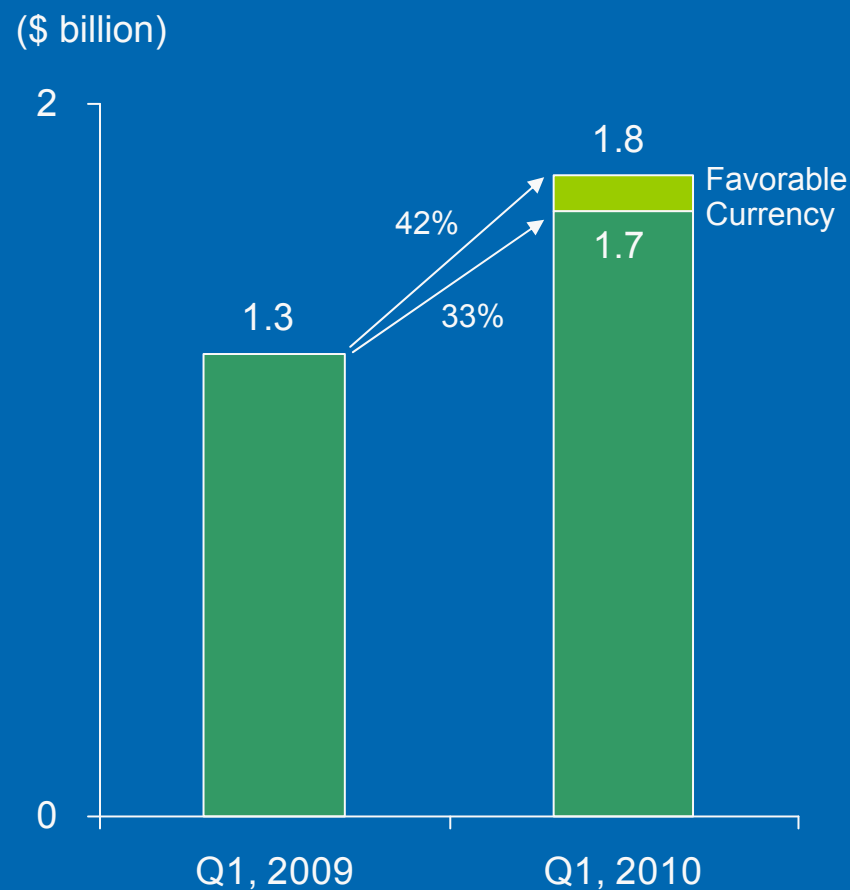
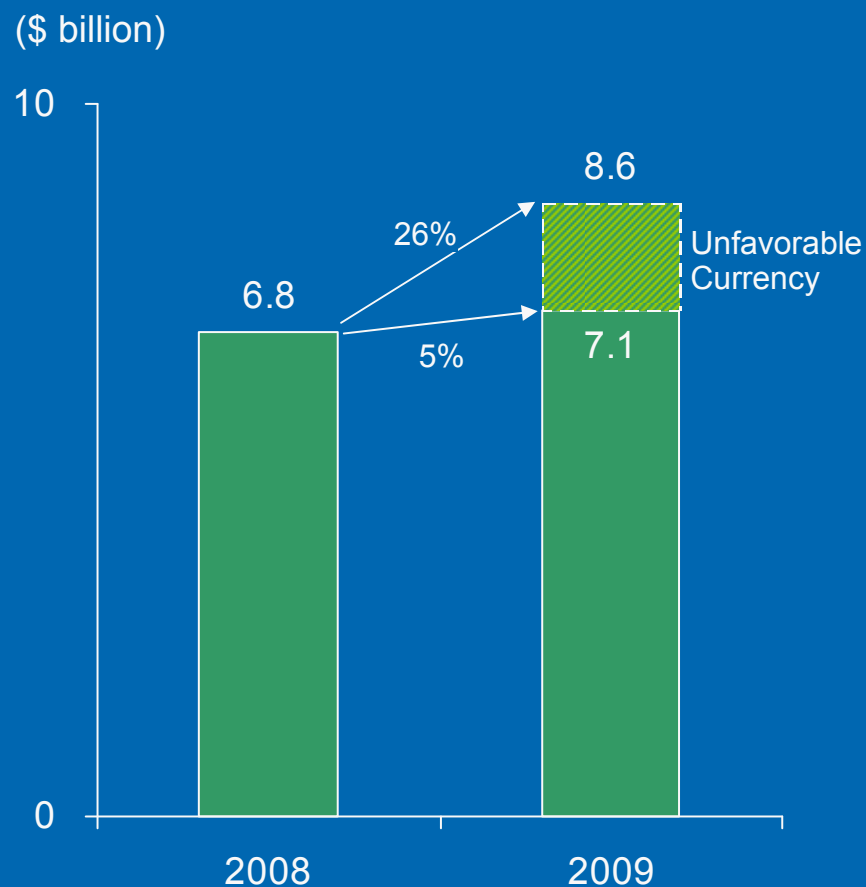
(a) Excluding excise taxes

(b) Excludes asset impairment, exit and other costs

Source: PMI Financials



# Discretionary Cash Flow





PHILIP MORRIS  
INTERNATIONAL

# Capital Structure

---

- Net debt to EBITDA ratio of 1.34 to 1 on March 31, 2010
- Over \$14 billion in well-laddered bonds in three currencies with average cost of 5.5%
- A2 / A / A long-term credit ratings
- Flexibility to pursue strategically compelling and financially attractive acquisitions



# Shareholder Returns

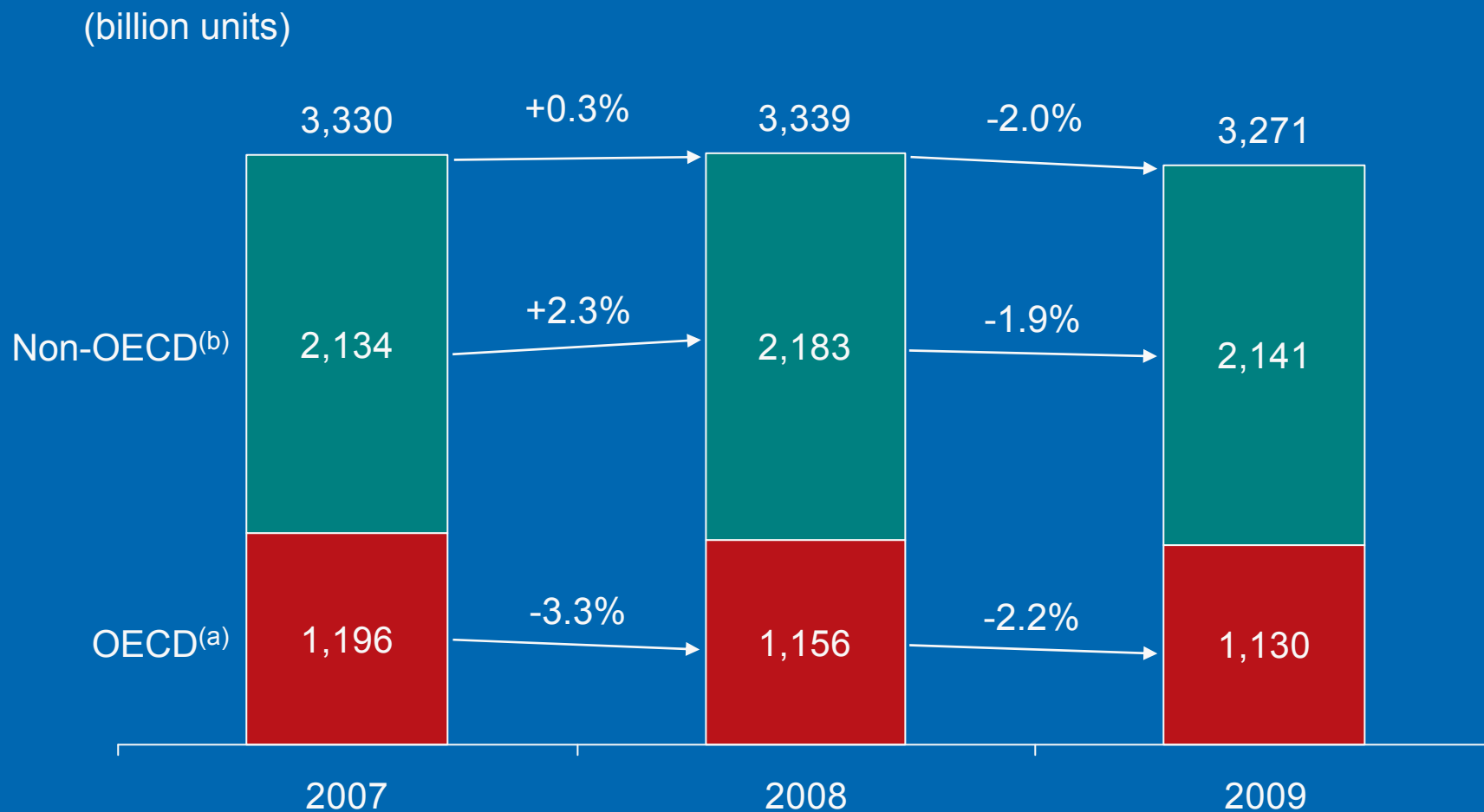
---

- Dividend increased by 7.4% in September 2009 to an annualized rate of \$2.32 per share
- \$13 billion share repurchase program completed on April 30, 2010
- New share repurchase program of \$12 billion
- Since March 2008, approximately \$20 billion returned to shareholders

# Cigarette Industry Volume



PHILIP MORRIS  
INTERNATIONAL



(a) Excluding USA and duty free

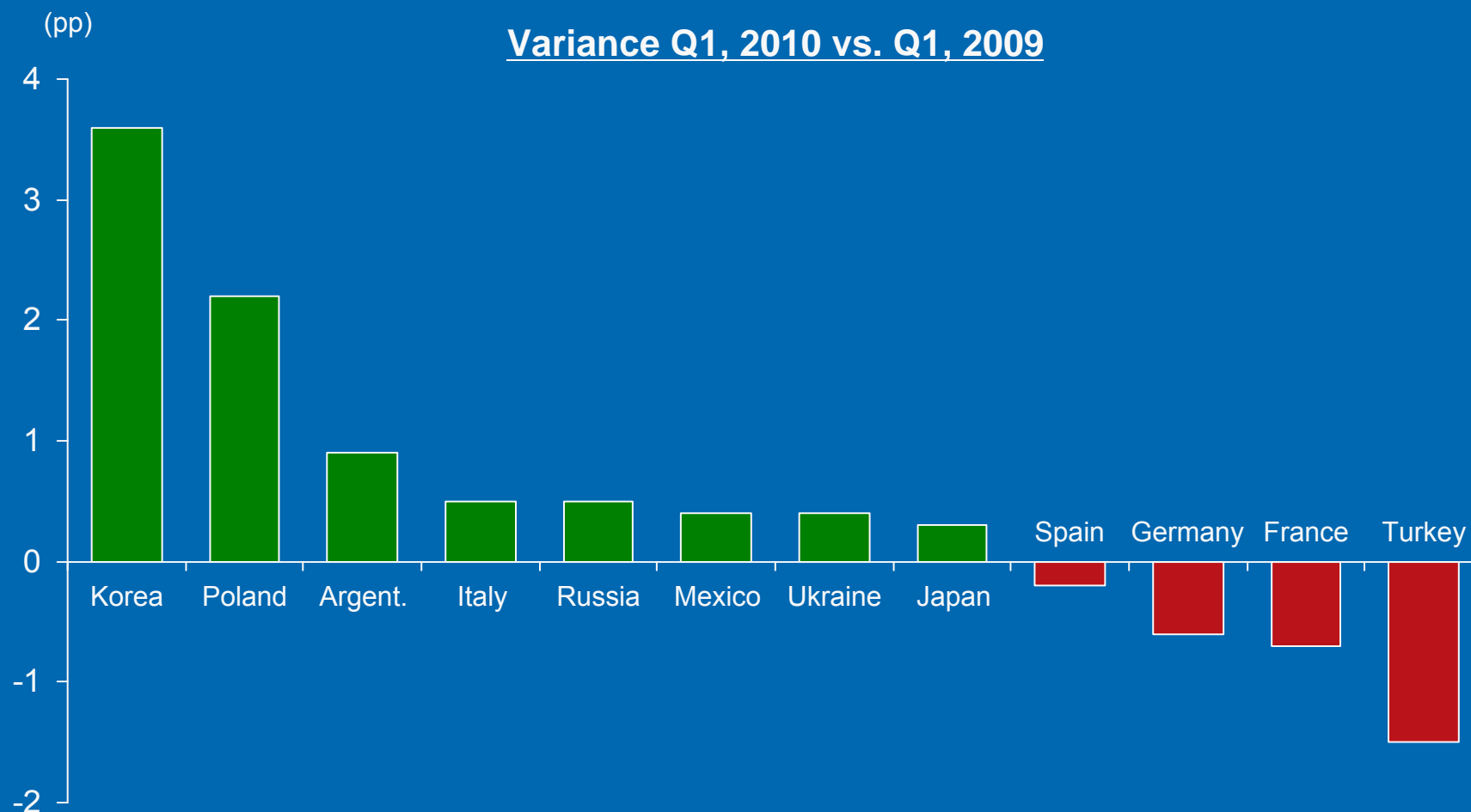
(b) Excluding China and duty free

Source: PMI estimates



# PMI Market Share Developments

Variance Q1, 2010 vs. Q1, 2009



# Brand Portfolio



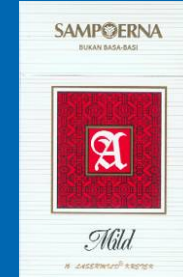
PHILIP MORRIS  
INTERNATIONAL

## International

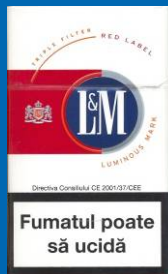
### Premium & Above



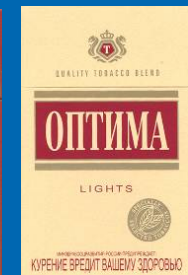
## Local Heritage



### Mid-Price



### Low-Price





# Pricing

- Continues to be a key driver of revenue and OCI growth
- Since October 2009, PMI has implemented price increases notably in:

## EU

France  
Greece  
Italy  
Poland  
Spain  
UK

## EEMA

Romania  
Russia  
Saudi Arabia  
Turkey  
Ukraine

## Asia

Australia  
Indonesia  
Malaysia  
Pakistan

## LA & Canada

Argentina  
Canada  
Dominican Rep.  
Mexico

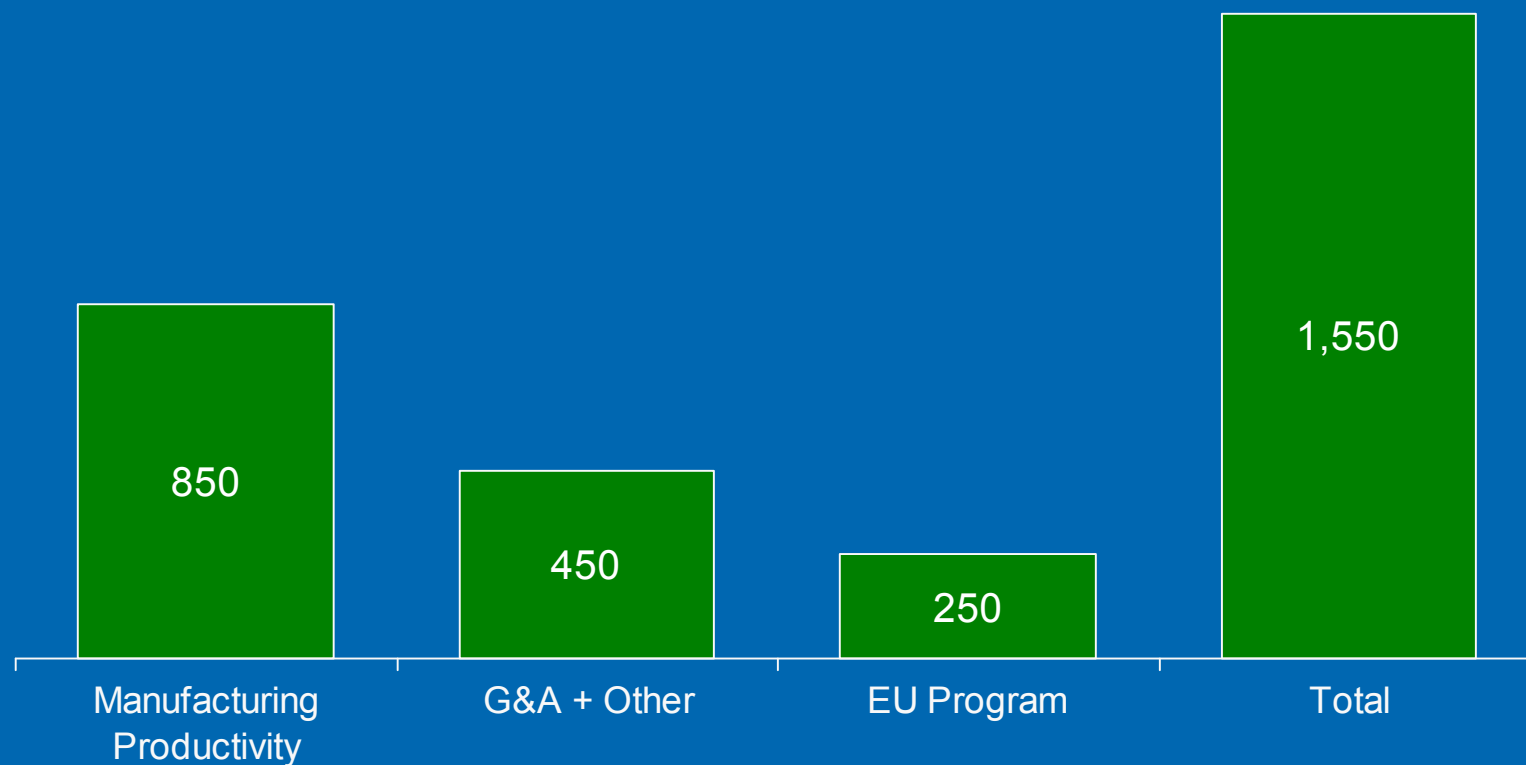
- Pricing variance was \$449 million in Q1, 2010



# Productivity and Cost Savings Program

## Forecast Cumulative Gross Cost Savings (2008-2010)

(\$ million)





PHILIP MORRIS  
INTERNATIONAL

# Key Opportunities / Challenges

---

- Economic recovery
- Excise taxation
- Illicit trade
- Regulatory environment
- Business development opportunities



PHILIP MORRIS  
INTERNATIONAL

# Economic Recovery

---

- Our business is resilient but not immune to economic developments



PHILIP MORRIS  
INTERNATIONAL

# Economic Recovery

---

- Our business is resilient but not immune to economic developments
- Economic recovery in Asia and Latin America



PHILIP MORRIS  
INTERNATIONAL

# Economic Recovery

---

- Our business is resilient but not immune to economic developments
- Economic recovery in Asia and Latin America
- Signs of an economic recovery in Eastern Europe



PHILIP MORRIS  
INTERNATIONAL

# Economic Recovery

---

- Our business is resilient but not immune to economic developments
- Economic recovery in Asia and Latin America
- Signs of an economic recovery in Eastern Europe
- Uneven economic developments across the EU



PHILIP MORRIS  
INTERNATIONAL

# Excise Taxation

---

- Most governments pursuing a policy of reasonable increases
- Excise tax structures globally improving



PHILIP MORRIS  
INTERNATIONAL

# Excise Taxation: New EU Excise Tax Directive

---

- Calls for reasonable increases through 2018
- Allows for increase in weight of specific element
- Provides more effective Minimum Excise Tax tool



# Excise Taxation

---

- Most governments pursuing a policy of reasonable increases
- Excise tax structures globally improving
- Disruptively large increases this year in Romania, Turkey, Greece and Australia, with Japan to come



# Illicit Trade

- A very significant problem that affects both developed and emerging markets
- Illicit trade's estimated share of consumption:
  - Brazil 24%
  - Canada 30%
  - Ireland 23%
  - Malaysia 37%
  - Romania 36%
  - Vietnam 35%



# Illicit Trade

- A very significant problem that affects both developed and emerging markets
- Growing threat to legitimate business:
  - Counterfeit
  - “Illicit whites”<sup>(a)</sup>
- Not sourced from legitimate duty free businesses

(a) “illicit whites” are brands with no legitimate distribution in the destination market and are “made to be smuggled”  
Source: World Bank, Joossens Report and PMI Brand Integrity



# Illicit Trade

---

- A very significant problem that affects both developed and emerging markets
- Growing threat to legitimate business
- Not sourced from legitimate duty free businesses
- Hurts legitimate industry, governments, public health and consumers
- Often the result of misguided policies



# Illicit Trade

---

- A very significant problem that affects both developed and emerging markets
- Growing threat to legitimate business
- Not sourced from legitimate duty free businesses
- Hurts legitimate industry, governments, public health and consumers
- Often the result of misguided policies
- Close cooperation with governments, customs and law enforcement



PHILIP MORRIS  
INTERNATIONAL

# Regulatory Environment

---

- PMI seeks comprehensive regulation based on the broader goal of harm reduction



PHILIP MORRIS  
INTERNATIONAL

# Regulatory Environment

---

- PMI seeks comprehensive regulation based on the broader goal of harm reduction
- We do not support product display bans, plain packaging and bans on the use of all ingredients



PHILIP MORRIS  
INTERNATIONAL

# Regulatory Environment: Display Bans

---

- PMI believes that display bans:
  - Impede competition
  - Impose significant costs and other burdens on retailers
  - Encourage adult smokers to choose based on price
  - Foster illicit trade



PHILIP MORRIS  
INTERNATIONAL

# Regulatory Environment: Plain Packaging

- No sound evidence that this would reduce youth smoking or provide any other public health benefit
- Nevertheless, the Australian government has announced it will seek to introduce legislation requiring plain packaging by July 2012



# Regulatory Environment: Plain Packaging

- No sound evidence that this would reduce youth smoking or provide any other public health benefit
- Nevertheless, the Australian government has announced it will seek to introduce legislation requiring plain packaging by July 2012
- PMI is strongly opposed to such a measure as it would:
  - Expropriate our trademarks
  - Impair free competition
  - Jeopardize freedom of trade
  - Stifle product innovation
  - Spur illicit trade and counterfeit
  - Violate terms of international treaties



PHILIP MORRIS  
INTERNATIONAL

# Regulatory Environment: Ingredients

---

- Restrictions on use of ingredients in place for many years based on toxicity or addictiveness
- All PMI products comply with such laws



PHILIP MORRIS  
INTERNATIONAL

# Regulatory Environment: Ingredients

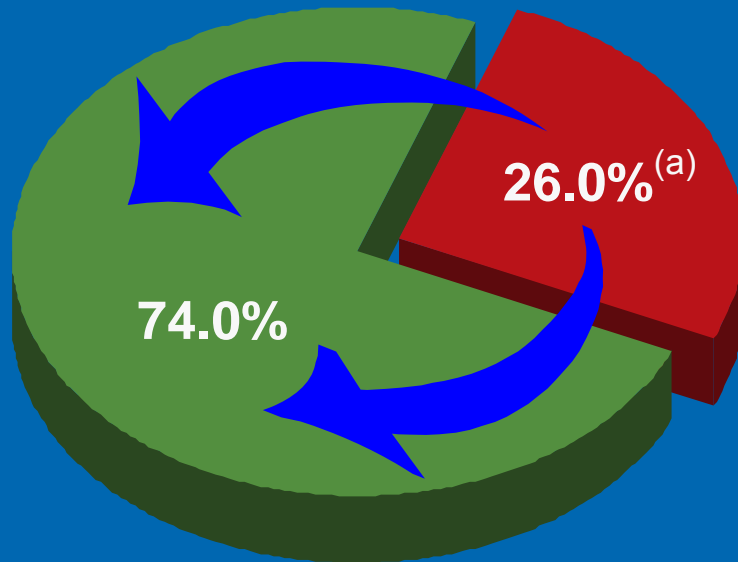
---

- Restrictions on use of ingredients in place for many years based on toxicity or addictiveness
- All PMI products comply with such laws
- PMI opposes proposals to ban all ingredients



PHILIP MORRIS  
INTERNATIONAL

# Business Development Opportunities



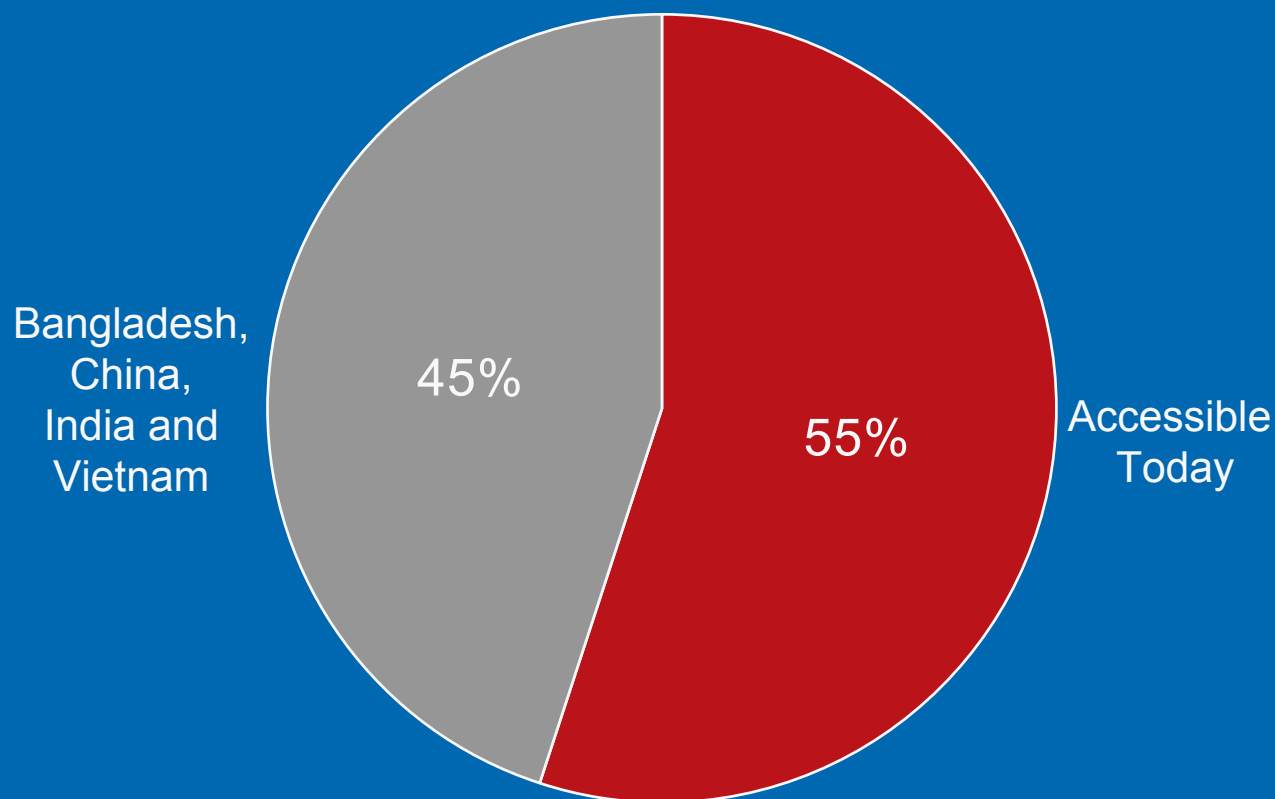
PMI expansion supported by:

- Leading brands
- Global infrastructure
- Share momentum
- Strongest cash flow
- Best people
- Untapped opportunities

(a) Excluding China and USA  
Source: PMI estimates



# Business Development Opportunities

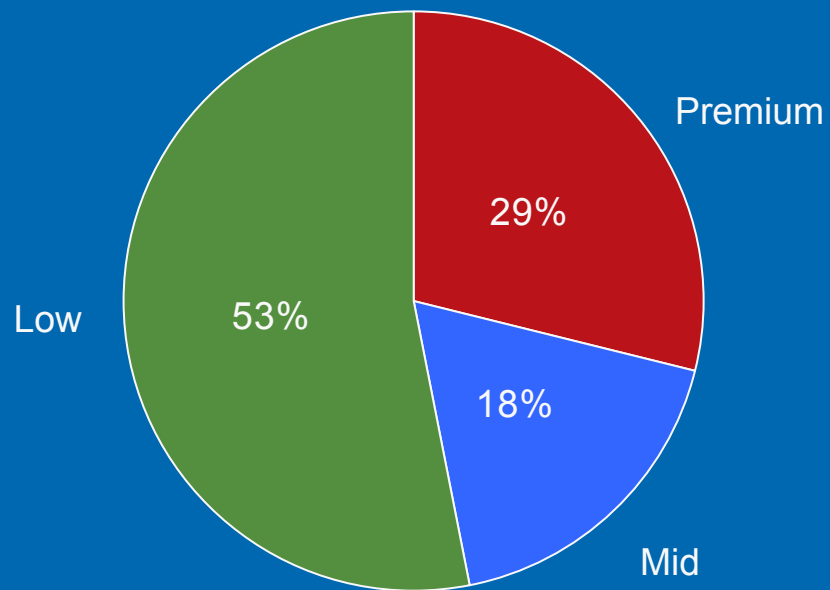


International Market<sup>(a)</sup> : 5.6 trillion units

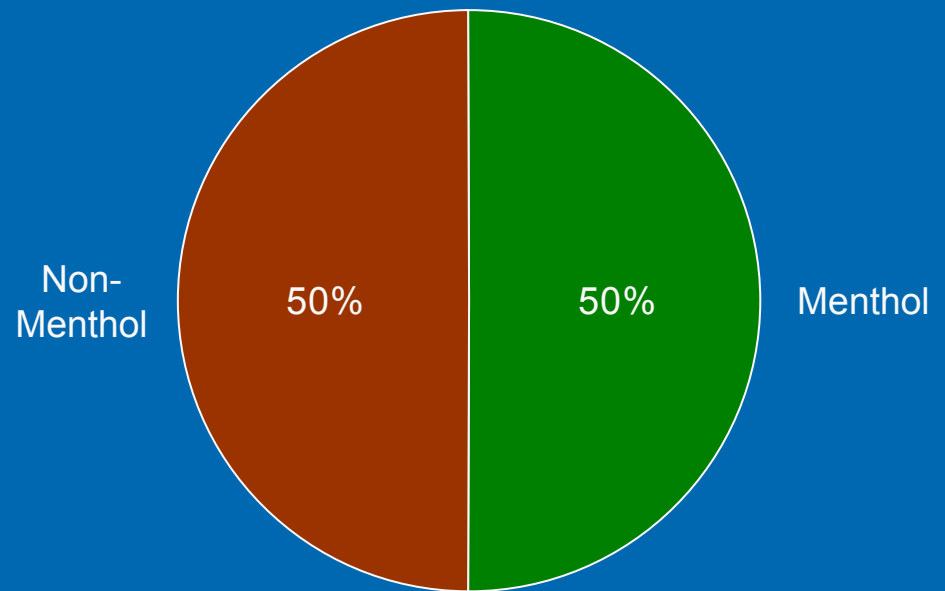


# Business Development: Philippines

- 85 billion cigarette market



Price Segments



Flavor Segments



PHILIP MORRIS  
INTERNATIONAL

# Business Development: Philippines

---

- New company combines selected assets of Fortune Tobacco and PM Philippines
- Chaired by Mr. Lucio Tan
- Management rests with PMI
- Smooth integration
- Potential synergies in manufacturing, purchasing, sales and distribution
- Transaction expected to be mildly accretive to EPS in 2011

# Currency Neutral Mid to Long-Term Annual Growth Targets



PHILIP MORRIS  
INTERNATIONAL

- Cigarette Volume<sup>(a)</sup> 1 – 2 %
- Net Revenues<sup>(b)(c)</sup> 4 – 6 %
- Adjusted OCI<sup>(c)(d)</sup> 6 – 8 %
- Adjusted diluted EPS<sup>(d)</sup> 10 – 12 %

(a) Organic volume growth, that is excluding acquisitions target of 1% and total volume, that is including acquisitions, of 2%

(b) Excluding excise taxes

(c) Also excluding acquisitions

(d) Excluding asset impairment, exit and other costs



PHILIP MORRIS INTERNATIONAL

# **Annual Meeting of Stockholders May 12, 2010**

## **Question and Comment Session**



PHILIP MORRIS INTERNATIONAL

# **Annual Meeting of Stockholders May 12, 2010**

# Harold Brown

---



PHILIP MORRIS  
INTERNATIONAL



# Mathis Cabiallavetta

---



PHILIP MORRIS  
INTERNATIONAL



# Louis C. Camilleri

---



PHILIP MORRIS  
INTERNATIONAL

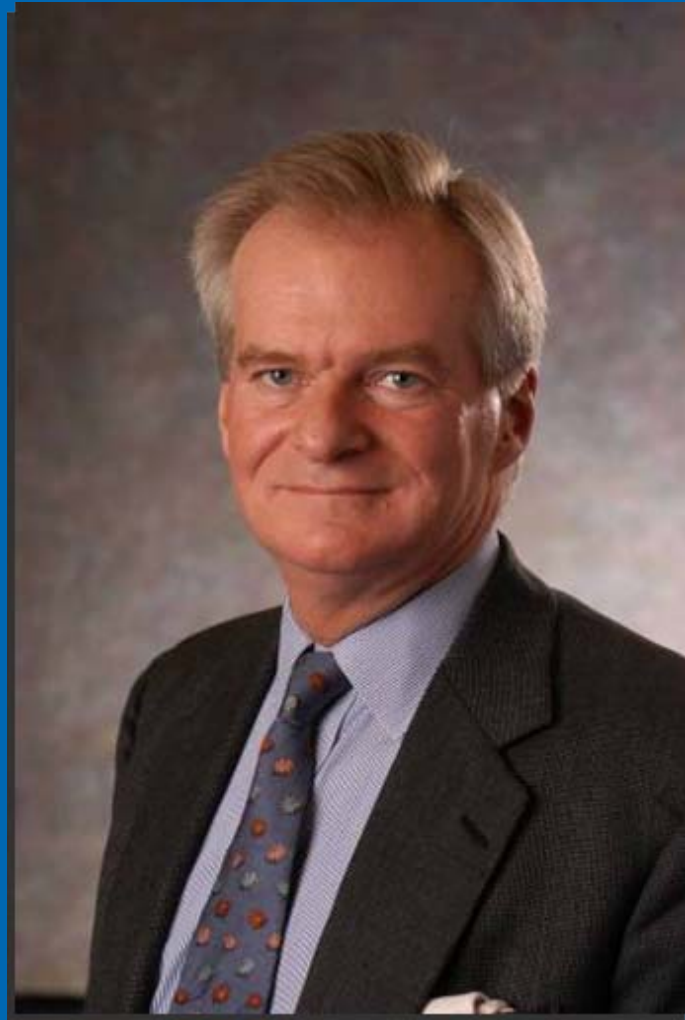


# J. Dudley Fishburn

---



PHILIP MORRIS  
INTERNATIONAL



# Jennifer Li

---



PHILIP MORRIS  
INTERNATIONAL



# Graham Mackay

---



PHILIP MORRIS  
INTERNATIONAL



# Sergio Marchionne

---



PHILIP MORRIS  
INTERNATIONAL



# Lucio A. Noto

---



PHILIP MORRIS  
INTERNATIONAL



# Carlos Slim Helú



PHILIP MORRIS  
INTERNATIONAL

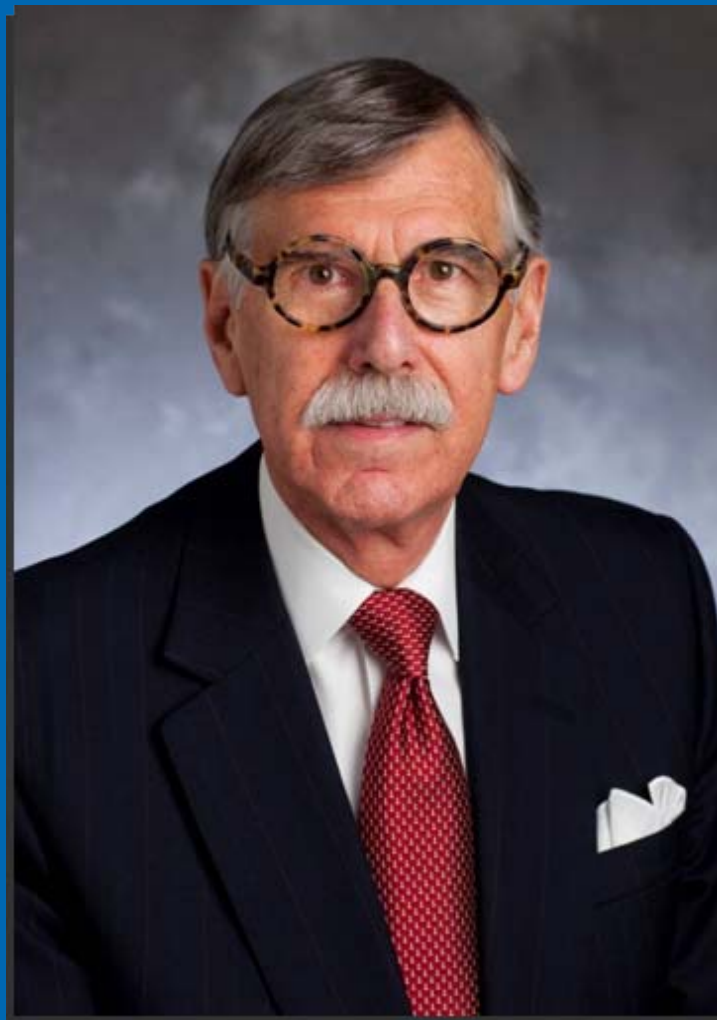


# Stephen M. Wolf

---



PHILIP MORRIS  
INTERNATIONAL





PHILIP MORRIS INTERNATIONAL

# **Annual Meeting of Stockholders May 12, 2010**



PHILIP MORRIS INTERNATIONAL

# CONTRIBUTIONS PROGRAMS COLOMBIA

**(4 min. 30 sec video - please stand by)**



PHILIP MORRIS INTERNATIONAL

# **Annual Meeting of Stockholders May 12, 2010**

# Charles R. Wall

---



PHILIP MORRIS  
INTERNATIONAL



# Jean-Claude Kunz

---



PHILIP MORRIS  
INTERNATIONAL



# G. Penn Holsenbeck

---



PHILIP MORRIS  
INTERNATIONAL





PHILIP MORRIS INTERNATIONAL

# **Annual Meeting of Stockholders May 12, 2010**

# PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

## Reconciliation of Non-GAAP Measures



PHILIP MORRIS  
INTERNATIONAL

Adjustments for Impact of Currency and Acquisitions  
For the Years Ended December 31,  
(\$ in millions)  
(Unaudited)

							(Unaudited)				% Change in Reported Net Revenues excluding Excise Taxes		
2009								2008					
Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Less Currency	Reported Net Revenues excluding Excise Taxes & Currency	Less Acquisitions	Reported Net Revenues excluding Excise Taxes, Currency & Acquisitions		Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions
\$ 28,550	\$ 19,509	\$ 9,041	\$ (856)	\$ 9,897	\$ 61	\$ 9,836	European Union	\$ 30,265	\$ 20,577	\$ 9,688	(6.7)%	2.2 %	1.5 %
13,865	7,070	6,795	(1,373)	8,168	41	8,127	EEMA	14,817	7,313	7,504	(9.4)%	8.8 %	8.3 %
12,413	5,885	6,528	(41)	6,569	-	6,569	Asia	12,222	6,037	6,185	5.5 %	6.2 %	6.2 %
7,252	4,581	2,671	(328)	2,999	462	2,537	Latin America & Canada	6,336	4,008	2,328	14.7 %	28.8 %	9.0 %
\$ 62,080	\$ 37,045	\$ 25,035	\$ (2,598)	\$ 27,633	\$ 564	\$ 27,069	PMI Total	\$ 63,640	\$ 37,935	\$ 25,705	(2.6)%	7.5 %	5.3 %

2009							2008			% Change in Reported Operating Companies Income		
Reported Operating Companies Income		Less Currency	Reported Operating Companies Income excluding Currency	Less Acquisitions	Reported Operating Companies Income excluding Currency & Acquisitions			Reported Operating Companies Income		Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions
\$ 4,506		\$ (481)	\$ 4,987	\$ 40	\$ 4,947	European Union		\$ 4,738		(4.9)%	5.3 %	4.4 %
2,663		(893)	3,556	18	3,538	EEMA		3,119		(14.6)%	14.0 %	13.4 %
2,436		146	2,290	-	2,290	Asia		2,057		18.4 %	11.3 %	11.3 %
666		(162)	828	202	626	Latin America & Canada		520		28.1 %	59.2 %	20.4 %
<b>\$ 10,271</b>		<b>\$ (1,390)</b>	<b>\$ 11,661</b>	<b>\$ 260</b>	<b>\$ 11,401</b>	<b>PMI Total</b>		<b>\$ 10,434</b>		<b>(1.6)%</b>	<b>11.8 %</b>	<b>9.3 %</b>

# PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

## Reconciliation of Non-GAAP Measures



PHILIP MORRIS  
INTERNATIONAL

Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income, excluding Currency and Acquisitions  
For the Years Ended December 31,  
(\$ in millions)  
(Unaudited)

2009							2008			% Change in Adjusted Operating Companies Income		
Reported Operating Companies Income	Less Asset Impairment/ Exit Costs and Other	Adjusted Operating Companies Income	Less Currency	Adjusted Operating Companies Income excluding Currency	Less Acquisitions	Adjusted Operating Companies Income excluding Currency & Acquisitions	Reported Operating Companies Income	Less Asset Impairment/ Exit Costs and Other	Adjusted Operating Companies Income	Adjusted	Adjusted excluding Currency	Adjusted excluding Currency & Acquisitions
\$ 4,506	\$ (29)	\$ 4,535	\$ (481)	\$ 5,016	\$ 40	\$ 4,976	\$ 4,738	\$ (66)	\$ 4,804	(5.6)%	4.4 %	3.6 %
2,663	-	2,663	(893)	3,556	18	3,538	3,119	(1)	3,120	(14.6)%	14.0 %	13.4 %
2,436	-	2,436	146	2,290	-	2,290	2,057	(14)	2,071	17.6 %	10.6 %	10.6 %
666	(135) <sup>(1)</sup>	801	(162)	963	202	761	520	(127) <sup>(2)</sup>	647	23.8 %	48.8 %	17.6 %
<b>\$ 10,271</b>	<b>\$ (164)</b>	<b>\$ 10,435</b>	<b>\$ (1,390)</b>	<b>\$ 11,825</b>	<b>\$ 260</b>	<b>\$ 11,565</b>	<b>\$ 10,434</b>	<b>\$ (208)</b>	<b>\$ 10,642</b>	<b>(1.9)%</b>	<b>11.1 %</b>	<b>8.7 %</b>

European Union

EEMA

Asia

Latin America & Canada

PMI Total

# PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

## Reconciliation of Non-GAAP Measures



PHILIP MORRIS  
INTERNATIONAL

Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS, excluding Currency  
For the Years Ended December 31,  
(Unaudited)

	<u>2009</u>	<u>2008</u>	<u>% Change</u>
<b>Reported Diluted EPS</b>	<b>\$ 3.24</b>	<b>\$ 3.31</b>	<b>(2.1)%</b>
Less:			
Colombian investment and cooperation agreement charge	(0.04)	-	
Asset impairment and exit costs	(0.01)	(0.02)	
Equity loss from RBH legal settlement	-	(0.06)	
Tax items	-	0.08	
<b>Adjusted Diluted EPS</b>	<b>\$ 3.29</b>	<b>\$ 3.31</b>	<b>(0.6)%</b>
Less:			
Currency Impact	(0.53)		
<b>Adjusted Diluted EPS, excluding Currency</b>	<b>\$ 3.82</b>	<b>\$ 3.31</b>	<b>15.4 %</b>

# PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

## Reconciliation of Non-GAAP Measures



PHILIP MORRIS  
INTERNATIONAL

Adjustments for the Impact of Currency and Acquisitions  
For the Quarters Ended March 31,  
(\$ in millions)  
(Unaudited)

2010								2009			% Change in Reported Net Revenues excluding Excise Taxes		
Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Less Currency	Reported Net Revenues excluding Excise Taxes & Currency	Less Acquisitions	Reported Net Revenues excluding Excise Taxes, Currency & Acquisitions		Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions
\$ 6,748	\$ 4,564	\$ 2,184	\$ 178	\$ 2,006	\$ 3	\$ 2,003	European Union	\$ 6,050	\$ 4,063	\$ 1,987	9.9 %	1.0 %	0.8 %
3,356	1,610	1,746	52	1,694	26	1,668	EEMA	2,831	1,379	1,452	20.2 %	16.7 %	14.9 %
3,562	1,689	1,873	172	1,701	75	1,626	Asia	2,857	1,267	1,590	17.8 %	7.0 %	2.3 %
1,921	1,228	693	51	642	-	642	Latin America & Canada	1,548	980	568	22.0 %	13.0 %	13.0 %
\$ 15,587	\$ 9,091	\$ 6,496	\$ 453	\$ 6,043	\$ 104	\$ 5,939	PMI Total	\$ 13,286	\$ 7,689	\$ 5,597	16.1 %	8.0 %	6.1 %

2010							2009			% Change in Reported Operating Companies Income		
Reported Operating Companies Income		Less Currency	Reported Operating Companies Income excluding Currency	Less Acquisitions	Reported Operating Companies Income excluding Currency & Acquisitions			Reported Operating Companies Income		Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions
\$ 1,062		\$ 80	\$ 982	\$ 2	\$ 980	European Union		\$ 967		9.8 %	1.6 %	1.3 %
770		8	762	9	753	EEMA		586		31.4 %	30.0 %	28.5 %
724		81	643	(5)	648	Asia		661		9.5 %	(2.7)%	(2.0)%
217		23	194	-	194	Latin America & Canada		155		40.0 %	25.2 %	25.2 %
<b>\$ 2,773</b>		<b>\$ 192</b>	<b>\$ 2,581</b>	<b>\$ 6</b>	<b>\$ 2,575</b>	<b>PMI Total</b>		<b>\$ 2,369</b>		<b>17.1 %</b>	<b>8.9 %</b>	<b>8.7 %</b>

# PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

## Reconciliation of Non-GAAP Measures



PHILIP MORRIS  
INTERNATIONAL

Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income &  
Reconciliation of Adjusted Operating Companies Income Margin, excluding Currency and Acquisitions  
**For the Quarters Ended March 31,**  
(\$ in millions)  
(Unaudited)

2010								2009			% Change in Adjusted Operating Companies Income		
Reported Operating Companies Income	Less Asset Impairment & Exit Costs	Adjusted Operating Companies Income	Less Currency	Adjusted Operating Companies Income excluding Currency	Less Acquisitions	Adjusted Operating Companies Income excluding Currency & Acquisitions		Reported Operating Companies Income	Less Asset Impairment & Exit Costs	Adjusted Operating Companies Income	Adjusted	Adjusted excluding Currency	Adjusted excluding Currency & Acquisitions
\$ 1,062	\$ -	\$ 1,062	\$ 80	\$ 982	\$ 2	\$ 980	European Union	\$ 967	\$ (1)	\$ 968	9.7 %	1.4 %	1.2 %
770	-	770	8	762	9	753	EEMA	586	-	586	31.4 %	30.0 %	28.5 %
724	-	724	81	643	(5)	648	Asia	661	-	661	9.5 %	(2.7)%	(2.0)%
217	-	217	23	194	-	194	Latin America & Canada	155	-	155	40.0 %	25.2 %	25.2 %
\$ 2,773	\$ -	\$ 2,773	\$ 192	\$ 2,581	\$ 6	\$ 2,575	PMI Total	\$ 2,369	\$ (1)	\$ 2,370	17.0 %	8.9 %	8.6 %

2010								2009			% Points Change	
Adjusted Operating Companies Income excluding Currency	Net Revenues excluding Excise Taxes & Currency <sup>(1)</sup>	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income excluding Currency & Acquisitions	Net Revenues excluding Excise Taxes, Currency & Acquisitions <sup>(1)</sup>	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions			Adjusted Operating Companies Income	Net Revenues excluding Excise Taxes <sup>(1)</sup>	Adjusted Operating Companies Income Margin	Adjusted Operating Companies Income excluding Currency	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions
\$ 982	\$ 2,006	49.0 %	\$ 980	\$ 2,003	48.9 %	European Union	\$ 968	\$ 1,987	48.7 %		0.3	0.2
762	1,694	45.0 %	753	1,668	45.1 %	EEMA	586	1,452	40.4 %		4.6	4.7
643	1,701	37.8 %	648	1,626	39.9 %	Asia	661	1,590	41.6 %		(3.8)	(1.7)
194	642	30.2 %	194	642	30.2 %	Latin America & Canada	155	568	27.3 %		2.9	2.9
\$ 2,581	\$ 6,043	42.7 %	\$ 2,575	\$ 5,939	43.4 %	PMI Total	\$ 2,370	\$ 5,597	42.3 %		0.4	1.1

(1) Represents 2009 Colombian investment and cooperation agreement charge

(2) Represents 2008 equity loss from RBH legal settlement (\$124 million) and asset impairment and exit costs (\$3 million)

(3) For the calculation of net revenues excluding excise taxes and currency, refer to previous slide

# PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

## Reconciliation of Non-GAAP Measures



PHILIP MORRIS  
INTERNATIONAL

Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS, excluding Currency  
For the Quarters Ended March 31,  
(Unaudited)

	<u>2010</u>	<u>2009</u>	<u>% Change</u>
<b>Reported Diluted EPS</b>	\$ 0.90	\$ 0.74	21.6%
Less:			
Asset impairment and exit costs	<u>-</u>	<u>-</u>	
<b>Adjusted Diluted EPS</b>	\$ 0.90	\$ 0.74	21.6%
Less:			
Currency Impact	<u>0.06</u>	<u></u>	
<b>Adjusted Diluted EPS, excluding Currency</b>	<u>\$ 0.84</u>	<u>\$ 0.74</u>	13.5%

# PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

## Reconciliation of Non-GAAP Measures



PHILIP MORRIS  
INTERNATIONAL

Reconciliation of Operating Cash Flow to Discretionary Cash Flow and Discretionary Cash Flow, excluding Currency  
For the Years Ended Dec 31,  
(\$ in millions)  
(Unaudited)

	2009	2008	% Change
<b>Net cash provided by operating activities<sup>(a)</sup></b>	<b>\$ 7,884</b>	<b>\$ 7,935</b>	<b>(0.6)%</b>
Less:			
Capital expenditures	715	1,099	
<b>Discretionary cash flow</b>	<b>\$ 7,169</b>	<b>\$ 6,836</b>	<b>4.9%</b>
Less:			
Currency impact	(1,455)		
<b>Discretionary cash flow, excluding currency</b>	<b>\$ 8,624</b>	<b>\$ 6,836</b>	<b>26.2%</b>

(a) Operating cash flow

# PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

## Reconciliation of Non-GAAP Measures



PHILIP MORRIS  
INTERNATIONAL

Reconciliation of Operating Cash Flow to Discretionary Cash Flow and Discretionary Cash Flow, excluding Currency  
For the Quarters Ended March 31,  
(\$ in millions)  
(Unaudited)

	2010	2009	% Change
<b>Net cash provided by operating activities<sup>(a)</sup></b>	<b>\$ 1,974</b>	<b>\$ 1,427</b>	<b>38.3%</b>
Less:			
Capital expenditures	150	145	
<b>Discretionary cash flow</b>	<b>\$ 1,824</b>	<b>\$ 1,282</b>	<b>42.3%</b>
Less:			
Currency impact	116		
<b>Discretionary cash flow, excluding currency</b>	<b>\$ 1,708</b>	<b>\$ 1,282</b>	<b>33.2%</b>

# PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

## Reconciliation of Non-GAAP Measures



PHILIP MORRIS  
INTERNATIONAL

Calculation of Total Debt to EBITDA and Net Debt to EBITDA Ratios  
(\$ in millions, except ratios)  
(Unaudited)

	March 31, 2010			For the Year Ended December 31, 2009
	April ~ December 2009	January ~ March 2010	12 months rolling	
Earnings before income taxes	\$ 7,081	\$ 2,492	\$ 9,573	\$ 9,243
Interest expense, net	639	223	862	797
Depreciation and amortization	660	223	883	853
<b>EBITDA</b>	<b>\$ 8,380</b>	<b>\$ 2,938</b>	<b>\$ 11,318</b>	<b>\$ 10,893</b>
			<b>March 31, 2010</b>	<b>December 31, 2009</b>
Short-term borrowings			\$ 1,050	\$ 1,662
Current portion of long-term debt			151	82
Long-term debt			14,809	13,672
<b>Total Debt</b>			<b>\$ 16,010</b>	<b>\$ 15,416</b>
Less: Cash and cash equivalents			850	1,540
<b>Net Debt</b>			<b>\$ 15,160</b>	<b>\$ 13,876</b>
<u>Ratios</u>				
<b>Total Debt to EBITDA</b>			<b>1.41</b>	<b>1.42</b>
<b>Net Debt to EBITDA</b>			<b>1.34</b>	<b>1.27</b>