Annual Meeting of Shareholders

Philip Morris International Inc.
May 6, 2015
New York, NY

(SLIDE 1.)

Good morning ladies and gentlemen and welcome to Philip Morris International's 2015 Annual Meeting of Shareholders. The meeting is now called to order.

I am Louis Camilleri, Chairman of the Board.

I would like to extend my warmest welcome to shareholders and employees who have joined us via our live audio webcast, as well as those who are here in person today.

It is my privilege to welcome our Board of Directors, who are sitting in the front row.

On stage with me are André Calantzopoulos, Chief Executive Officer, and Jerry Whitson, Deputy General Counsel and Corporate Secretary.

In addition, I would like to introduce Barry Misthal of PricewaterhouseCoopers, our auditors. He is in the audience and will be available to answer questions after the meeting.

It is our intention to proceed in accordance with the Agenda and the rules for the meeting that have been placed on your seats.

(SLIDE 2.)

Our remarks today contain certain forward-looking statements and I direct your attention to the Forward-Looking and Cautionary Statements section on this slide. A glossary of terms and reconciliation slides of non-GAAP to U.S. GAAP measures are provided at the end of this presentation and will be posted on our website. Reduced-Risk Products, or "RRPs," is the term we use to refer to products with the potential to reduce individual risk and population harm in comparison to smoking combustible cigarettes.

(SLIDE 3.)

The Secretary will now present certain formal documents. Jerry.

Thank you, Mr. Chairman.

I present to the meeting, together with Affidavits of Mailing, a copy of the Notice of Meeting, form of Proxy, Proxy Statement and Annual Report, including financial statements for the fiscal year ended December 31, 2014.

The holders of record of common stock at the close of business on March 13, 2015 are entitled to vote at this meeting. I am informed that more than 87% percent of Philip Morris International Inc.'s common stock is represented here today and, therefore, a quorum is present for the transaction of business.

Thank you, Jerry.

Will you please file the documents with the records of the meeting.

I appoint as Inspectors of Election, Amilja Regan and Kevin Laurita of Computershare, the Transfer Agent for PMI's common stock.

The Inspectors are instructed to execute the oath, and to take custody of all proxies, and of the certified list of holders of common stock as of the close of business on March 13, 2015.

The list contains the names and addresses of all holders of common stock, and the number of shares held by each.

This list is available for inspection throughout the meeting.

The Inspectors will certify the vote on each of the matters to be presented to the meeting. Individual proxies and ballots are kept confidential, with exceptions outlined in the Proxy Statement.

It is now my pleasure to hand over to André, who will review our business performance.

Thank you Louis.

(SLIDE 4.)

2014 was an investment year during which we successfully resolved a number of market-specific challenges, optimized our global manufacturing footprint, launched the new *Marlboro* 2.0 Architecture and introduced our first Reduced-Risk Product, *iQOS*. These investments have positioned us well to achieve stronger currency-neutral financial growth going forward, though we continue to face an unprecedented currency headwind again this year.

Despite a relatively steep decline in cigarette industry volume, driven in particular by Russia, our organic cigarette volume trend improved last year with a decline of 2.8% to 856 billion units. Net revenues, adjusted OCI and adjusted diluted EPS were $29.8 billion, $12.6 billion and $5.02, respectively. Net revenues increased by 2.0%, while adjusted OCI was stable, both excluding currency and acquisitions. Our adjusted diluted EPS was 7.8% higher, excluding currency.

(SLIDE 5.)

We entered 2015 with robust fundamentals and strong momentum, confirmed by the results in the first quarter. Compared to the first quarter of 2014, net revenues and adjusted OCI increased by 9.1% and 16.3%, respectively, excluding currency and acquisitions, while adjusted diluted EPS grew by 23.5%, excluding currency. Though our results were flattered by a favorable comparison versus the first quarter of last year, this was an excellent start. As we have mentioned previously, our incremental spending behind the deployment of *iQOS* will be skewed to the second half of the year.

(SLIDE 6.)

In April, we increased our 2015 reported diluted EPS guidance to a range of $4.32 to $4.42, based on our stronger-than-expected first quarter and a more favorable outlook for the remainder of the year. Today I am pleased to reaffirm this guidance, which continues to include around $1.15 in unfavorable currency, at prevailing exchange rates, and to assume no share repurchases.

Excluding this adverse currency, our 2015 guidance represents a growth rate of 9% to 11% compared to our adjusted diluted EPS of $5.02 in 2014.

(SLIDE 7.)

In 2014, we witnessed a significant moderation in the decline of cigarette industry volume in the EU Region and this positive development has continued this year. Regional cigarette industry volume declined by 7.4% in 2013, 3.1% in 2014 and 2.7% during the first quarter of this year after adjusting for trade inventory movements. For the full-year 2015, we are forecasting a decline of around 4%, as we expect recently implemented price increases to influence adult smoker demand over the balance of the year.

(SLIDE 8.)

In the EU Region, our volume performance last year was the best since the spin, with cigarette volume stable at 185 billion units. This reflected our strong market share gain behind our leading brands and across all key markets. With *Marlboro*, *L&M* and *Chesterfield*, we now have the three best-selling cigarette brands in the Region by industry share.

The momentum continued into the first quarter when our cigarette share increased by 0.4 points to 39.6%, with growth in particular behind *Chesterfield* and the strong performance of *Marlboro* in most key markets except Italy, where it has come under pressure after moving above the 5 Euro price point in January. Our share increased in the first quarter in the five-largest EU markets by volume.

Behind this improved volume performance, we expect the EU Region to be a positive contributor to PMI's currency-neutral adjusted OCI growth in 2015.

(SLIDE 9.)

The EEMA Region was the largest contributor to PMI's currency-neutral adjusted OCI growth in both 2014 and the first quarter of 2015. Driven by strong pricing, adjusted OCI, excluding currency and acquisitions, increased by 17.3% in 2014 and by 24.2% during the first quarter of this year.

Our volume in Eastern Europe declined by 5.8% and 2.4% in these periods, respectively, due to industry contraction. However, our volume decreased by just 0.5% in the rest of the Region in 2014 and increased by 9.6% in the first quarter, driven by share gains across a wide range of markets and by the rebuilding of inventories at distributors. Our Regional market share expanded by 0.3 points to 25.4% in 2014 and by 0.7 points to 24.9% during the first quarter, behind the success of *Parliament*, *Marlboro* and *L&M*.

(SLIDE 10.)

Let me turn to Russia, where higher excise taxes have resulted in a significant decline in cigarette industry volume. We are forecasting a decrease of between 8% and 10% this year, broadly in line with last year's 9.3% decline.

During the first quarter, we further increased our market share by 0.8 points to 27.6%, driven by above-premium *Parliament*, mid-price *L&M* and our key value brands, *Bond Street* and *Next*. Retail price increases since December 2013 have totaled 18% to 32%. Although the price increases were largely excise tax-driven, they enabled us to improve local currency unit margins at a faster rate than the decline of the market, resulting in double-digit profitability expansion.

Nevertheless, while we have yet to witness any material shifts in price segment trends, the macro-economic environment in Russia continues to be fragile.

(SLIDE 11.)

Turning to Asia, starting with Japan, the decline in cigarette industry volume accelerated slightly last year to 3.4% as a result of the consumption tax-driven retail price increases that occurred in April. We expect a decrease of between 2.5% and 3.0% this year.

We were successful in stabilizing our market share last year at around 25.9%. Our share increased by 0.1 point in the first quarter this year. However, after adjusting for distortions due to the April 2014 tax-driven price increases, it declined modestly. This is attributable to the timing of competitive brand launches. We expect our full-year share to benefit from the March roll-out of the *Marlboro* 2.0 Architecture, the launch of additional *Lark* and *Parliament* line extensions and a strong pipeline of innovations.

(SLIDE 12.)

Let me move to the Philippines, where there have been significant positive developments. The retail prices of super-low brands have increased from around 1.25 to 1.50 Pesos per cigarette in October last year to around 1.75 to 2.00 Pesos today. This has resulted in a restoration of more favorable margins in the super-low price segment and a narrowing of price gaps between this segment and our brands *Fortune* and *Marlboro*. We therefore expect an improved mix over time, especially with the recent introduction of excise tax stamps and the merger of the two excise tax tiers in January 2017.

We are pleased with our positive momentum and are optimistic about our improving OCI outlook in this important 100 billion unit market.

(SLIDE 13.)

In Indonesia, cigarette industry volume increased by 1.9% in 2014 and we anticipate an increase of around 2% this year, driven by the growing adult population.

During 2014 and into the first quarter this year, we were able to grow our market share sequentially. Despite a lower increase in excise taxes, the hand-rolled kretek segment continues to decline to the benefit of the full-flavor and lighter-tasting machine-made kretek segments. We continue to grow our segment share in both machine-made categories behind *Dji Sam Soe Magnum* in full-flavor and *Sampoerna A* and *Dji Sam Soe Blue* in the lighter-tasting segment. In addition, we recently launched *U Bold* to further reinforce our position in the full-flavor segment, where we are still under-represented. Finally, within the non-kretek segment, *Marlboro* has increased its share to over 80%.

(SLIDE 14.)

Let me end my review of selected geographies with a few words about our Latin America & Canada Region. Full-year 2014 and first-quarter 2015 results were excellent. Excluding currency and acquisitions, adjusted OCI increased by 12.6% and 35.1%, respectively.

Our Regional market share grew by 0.4 points in 2014 to 38.4% and was up by 0.9 points to 38.3% in the first quarter of this year. Our performance has been strong across the Region, with market share gains notably in Argentina and Brazil, partly offset by Mexico, where *Marlboro* has been impacted by down-trading.

(SLIDE 15.)

Supported by the investments that we made in 2014, our business fundamentals are very robust, and we have good momentum. This is confirmed by the fact that, in 2014, we had the number one or two positions in 29 of the top 40 cigarette markets by industry net revenue, excluding China and the USA.

This chart shows cigarette industry volume on the x-axis and our market share on the y-axis. Each circle represents a market and its size is determined by the estimated size of industry net revenue. The 20 markets where we are the leader are shown in red and the nine markets where we are number two are in green. White circles are markets where we are currently under-represented that provide further opportunities for future growth.

(SLIDE 16.)

We have increased our market share in both OECD and non-OECD markets. In 2014, we gained 0.2 and 0.3 points, respectively, to reach market shares of 36.5% and 25.1%. Our share of the international market, excluding China and the U.S., reached 28.6% in 2014.

(SLIDE 17.)

Our strong share growth momentum continued in the first quarter, when we increased our share in our top-30 OCI markets by 1.2 points to 38.1%. Share grew or was stable in 22 of these markets. *Marlboro* was a key driver of this performance and increased its share or was stable in 18 of these markets.

(SLIDE 18.)

Our superior brand portfolio is led by the only truly global cigarette brand, *Marlboro*. Our six largest international brands – the others being *L&M*, *Parliament*, *Bond Street*, *Chesterfield* and *Philip Morris* – all gained share last year or remained stable, excluding China and the USA.

(SLIDE 19.)

Our continued share gains in the first quarter were broadly based geographically and driven notably by *Marlboro*. The brand's share grew by 0.4 points in the EEMA Region and by 0.5 points in the Latin America & Canada Region. On a global basis, excluding China and the U.S., *Marlboro*'s market share progressed to 9.4%.

(SLIDE 20.)

We are very pleased with the performance of our flagship brand. Last year, we launched *Marlboro* 2.0, focusing primarily on European markets. The brand responded very well, with a gain of 0.3 share points in the EU Region, despite the unfavorable economic environment. The initial focus was on the Flavor or Round Taste line-up but the approach has now been expanded to cover the entire *Marlboro* family. By the end of 2015, we plan to have introduced *Marlboro* 2.0 in over 100 markets worldwide.

(SLIDE 21.)

The strength of our brands has been reinforced by the development and successful roll-out of a new commercial approach, which, we believe, provides us with a sustainable competitive advantage. The total transformation of our commercial operating model has already been implemented in 48 markets that accounted for over three-quarters of our adjusted OCI in 2014. This involved the training of some 11,000 employees.

(SLIDE 22.)

While the strength of our brands enables us to outperform the industry in volume terms, pricing remains the key driver of our profitability growth. Our annual average pricing variance over the 2008 through 2013 period was nearly $1.8 billion. Our 2014 pricing variance of $1.9 billion was slightly above our historical average, boosted by the one-off change to a new business structure in Egypt.

During the first quarter of this year, we achieved a pricing variance of $552 million, with a positive contribution across all four Regions. This variance included a gain from inventories that we were able to build in Korea prior to the recent excise tax change.

(SLIDE 23.)

In addition to reinforcing our top-line growth, we are rigorously addressing our cost base. In 2014, we took important measures to further enhance our manufacturing footprint with the cessation of cigarette manufacturing in our largest EU factory in the Netherlands and the closure of facilities in Australia and Canada. These were decisions we did not take lightly given the impact on our employees and their families, as well as the local community.

We continue to implement productivity initiatives across our entire supply chain, to seek opportunities to simplify organizational structures and processes, and to improve the efficiency of our trade and marketing activities.

As a result, we expect to be able to limit the increase in our total cost base to approximately 1% in 2015, excluding RRPs and currency, and target an increase in a range of 1% to 3% on the same basis thereafter.

(SLIDE 24.)

For decades, the tobacco industry has been subject to many regulations and restrictions, which makes perfect sense given the risks of the product. Indeed, PMI has long been active in supporting regulation. For example, we continue to advocate strong action against youth smoking and youth access to tobacco products. We are equally fervent in our beliefs that smoking is a matter of adult choice and that it is only for adults – and not kids.

Over the years, there have been waves of regulation on issues ranging from advertising to product ingredients. At times, we have drawn the line at what we consider excessive measures. And often, rational debate, pragmatism and the adherence to certain principles by all concerned have led to sensible outcomes. And, as you know from our results, PMI has shown that it is responsive to, and resilient in the face of, an ever-changing operating environment.

At the moment, we are keenly focused on the appropriate regulatory framework for Reduced-Risk Products. RRPs offer PMI, smokers and society at large many exciting possibilities. As we commercialize RRPs, we are also pushing for laws that set rigorous standards to propel innovation. There is perhaps no more important task in the world of consumer products than giving the millions of adult smokers around the world the choice to switch to well-regulated, high-quality, satisfying, non-combustible nicotine-containing products. Further to informed consumer choice, appropriate regulation would provide clarity for manufacturers and would advance the public health agenda. PMI is determined to be at the forefront in this area.

Of course, we are also working on important regulatory matters that relate to our combustible cigarettes. We are active in working with governments on rational excise tax systems and have been able to show how a sound tax policy can align with public health goals.

(SLIDE 25.)

A current topic of interest is plain packaging, which bans trademarks on the premise that adult smokers should not be allowed to choose from among brands that appear in different kinds of packaging – despite near-universal awareness of the risks of smoking and large health warnings.

So far, Australia is the only country that has implemented plain packaging. Two plus years into this experiment, the measure has not delivered on the government's promises. For example, market data fail to reveal the types of changes in smoking behavior that the legislation aimed to achieve. At the same time, there has been an increase in illicit trade. All of which shows what common sense predicts: ill-conceived policies don't lead to desirable outcomes.

A particularly offensive aspect of plain packaging is that it operates by taking away our property – intentionally. We have had lawfully registered trademarks in Australia and elsewhere for a very long time. For the government to simply decree that we can't use any of those trademarks other than in the disparaging packaging the rules impose is a remarkable insult to the rule of law. We are therefore seeking legal remedies, including compensation for the loss of property. We have a claim against Australia under an investment protection treaty, and five countries are challenging Australia at the World Trade Organization. We are also a party to cases in Europe, where we are acting to protect your interests in the face of excessive regulations.

There will always be an ebb and flow in the nature of tobacco-control measures. Let me repeat that we remain focused on the future – RRPs – while addressing the overall environment in a way that we consider rational and pragmatic.

(SLIDE 26.)

While we expect our combustible products to be the core of our profitability growth for many years to come – and we continue to invest behind our portfolio – we are in a decisive phase with regard to the development and commercialization of Reduced-Risk Products.

In November last year, we launched the *iQOS* system with *Marlboro HeatSticks*, our first heat-not-burn product, in the pilot cities of Nagoya, Japan, and Milan, Italy. The initial results are ahead of expectations and we will be expanding nationally during the second half of the year, as well as planning launches in other markets. This expansion will feature a new release of the *iQOS* device and new *HeatStick* variants. The new *iQOS* device incorporates feedback from the pilot markets and features different colors and textures. The new *HeatStick* variants will enhance and complement our current offerings and will broaden its appeal.

The prompted awareness amongst adult smokers has risen gradually to 42% in Nagoya and to 18% in Milan by the end of March. In Japan, we are able to leverage a wider network of outlets, our own flagship store and a broader range of opportunities to communicate with adult smokers. Importantly, in both pilot cities, about 30% of the adult smokers who have purchased *iQOS* are fully or predominantly using it.

(SLIDE 27.)

Our goal is to make scientifically substantiated reduced-exposure and reduced-risk adult smoker communications, which will benefit adult smokers and the population as a whole.

Six short-term clinical studies for *iQOS* have been completed. Two three-month clinical studies will be completed at the end of the second quarter of 2015. Longer-term clinical studies on exposure response and cessation are underway. We expect to have the results of these studies in the second half of 2016.

We are on track with our Perception and Behavior Assessment program. This allows us to develop marketing and labeling that convey the appropriate risk perception by adult smokers, and to verify that certain groups, including never smokers and former smokers, understand that PMI's RRPs are not intended for them.

The final stage in the process will be post-market studies and surveillance based on FDA Guidance and well-established scientific standards to assess the patterns of *iQOS* use.

(SLIDE 28.)

The *iQOS* platform is just one of a portfolio of RRPs that we are currently developing. It is a heat-not-burn tobacco product that features an electronic holder. We are in the process of finalizing the development and testing of Platform 2, a second heat-not-burn tobacco product that is closer in ritual to a cigarette than *iQOS* as it will be a disposable product with the look and feel of a cigarette but without combustion. From a technological point of view, it can be considered a disposable version of *iQOS*.

Last year, we acquired one of the leading e-vapor companies in the UK, Nicocigs. In March this year, in Spain, we launched *Solaris*, which is the brand name we have chosen for Altria's *MarkTen e*-vapor product.

We recognize that the current generation of e-vapor products do not fully satisfy many adult smokers and we are developing a next generation e-vapor product that can be manufactured in a controlled mechanized environment with rigorous quality controls at economic cost levels.

Finally, we are continuing to work on our Platform 3 nicotine-containing product, which is based on acquired technology.

(SLIDE 29.)

Our roadmap for the development and commercialization of our RRP portfolio is summarized on this chart. One important landmark in 2016 is expected to be our application to the FDA for *iQOS* to be approved as a Modified Risk Tobacco Product.

(SLIDE 30.)

We are very excited about the potential of *iQOS* and our portfolio of heat-not-burn and nicotine-containing products. We believe that heat-not-burn products will provide adult smokers with the best alternative to cigarettes based on taste, satisfaction and ritual. We think that we have a significant head start over our competitors in terms of product development, scientific know-how and technology. Given the promising initial results from marketing *iQOS* without any reduced-risk claims, you can appreciate the even greater opportunity if we are able to scientifically substantiate the reduced-risk potential of such a product.

(SLIDE 31.)

Strengthening our business remains our top priority, as we believe doing so will provide our shareholders with a superior return over time. We are also fully committed to returning around 100% of our free cash flow to our shareholders.

We are currently operating in a debt level corridor that is close to the maximum that is expected to allow us to maintain our single-A credit rating.

We remain steadfast in our determination to provide an attractive dividend to our shareholders. I reaffirmed in February that we are taking every measure necessary to ensure that, despite the strong currency headwind that we are facing this year, we can maintain our generous approach to dividends.

In view of the continued volatility in exchange rates, we are focused on managing our cash flow prudently, notably through the judicious management of working capital and capital expenditures. We are also using transactional hedges, where available and financially reasonable, focusing on our sales to Japan, and net asset hedges, with 40% of our debt being denominated in Euros.

(SLIDE 32.)

Around 90% of the currency impact on our adjusted OCI last year was attributable to translation. While the translational currency impact depends on the magnitude of a market's revenues and its absolute profitability, the transactional currency impact reflects the ability to source inputs locally, as well as the currency of any imports. This varies considerably from market to market, as highlighted on this slide, which shows the percentage of total costs that are in local currency in Germany, Indonesia, Russia and Turkey.

The proportion of costs in local currency is determined by our global manufacturing footprint, the availability of suitable local tobacco leaf, our global sourcing of direct materials and the relative weight of sales, marketing and other expenses in total costs.

(SLIDE 33.)

On a global basis, slightly less than half of our 2014 total costs were in U.S. Dollars and Euros. These currencies were of particular importance with regard to the purchase of tobacco and direct materials. In 2014, 7% of our total costs were in Swiss Francs. These were mainly related to our Operations Center in Lausanne and our Research and Development and production facilities in Neuchâtel.

(SLIDE 34.)

At the market close on April 30th, our dividend yield was 4.8%. This is above its average level over the last five years of 4.2%.

(SLIDE 35.)

Not only is our current dividend yield above its historical average, the spread between our yield and that of both our proxy peers and 10-year U.S. Treasury Notes is also well above the average for the last five years, with a difference of 156 and 275 basis points, respectively.

(SLIDE 36.)

In U.S. Dollar terms, our total shareholder return, or "TSR", for 2014 of minus 2.1% trailed the 15.2% of our U.S. and international Tobacco Peers, the 13.7% of the S&P 500 and the 4.2% of our Compensation Survey Group. Regretfully, the significant currency headwind that we faced last year, which persists into 2015, clearly had a major adverse impact on our share price during both periods and stalled the growth of our TSR, which still stood at 116.1% since the spin-off in 2008 through the end of last year.

We are doing our utmost to mitigate the impact of this headwind while maintaining an uncompromising commitment to invest for the long term.

(SLIDE 37.)

Strong business fundamentals, underpinned by the investments made last year, are driving an excellent start to this year and have enabled us to reaffirm April's 2015 reported diluted EPS guidance, which, on a currency-neutral basis, reflects a growth rate of 9% to 11% versus our 2014 adjusted diluted EPS of $5.02.

Our superior brand portfolio, supported by a superb commercial organization, is driving continued market share momentum and a strong pricing variance. This is complemented by our vigorous focus on productivity and cost controls. *iQOS* is performing above expectations, reinforcing our excitement behind our plans for expansion later this year. We are managing our cash flow prudently and forecast 2015 free cash flow to be broadly in line with last year, despite the currency setback. This should enable us to provide an attractive dividend and yield to our shareholders, while investing behind the business in order to generate long-term growth.

(SLIDE 38.)

Thank you for your interest in our great company. I will now turn the podium back to Louis.

(SLIDE 39.)

Thank you very much André.

I will now open the meeting for questions and comments. This period will be followed by the resolution of items for voting.

I would ask that we all remember that this meeting represents an opportunity for shareholders, or their representatives, to express their views, whether favorable or otherwise. Whilst I value highly the chance to listen to your opinions and address your questions, I do expect the process to be based on mutual respect for the differing views represented in the audience.

As noted in the Agenda, each speaker is kindly asked to limit his or her comments to two minutes to allow everyone an opportunity to be heard. Shareholders should confine their remarks to matters that relate directly to the business of the meeting.

Also, please note that those who wish to speak a second time may do so only after all others who wish to speak have had their turn.

I have asked Jerry to serve as our timekeeper, so that everyone will have an equal amount of time.

We have allowed up to one hour for questions. There is a microphone in each of the two aisles.

If there is not enough time for all of your questions during this morning's meeting, please feel free to ask an usher for a card, fill it out and return it to an usher at the end of the meeting. We will respond to you as soon as possible.

Please address all your questions or comments directly to me, and be kind enough to identify yourself.

Are there any questions or comments?

That concludes our question and comment period. We will now move on to the next stage of the meeting.

(SLIDE 40.)

The matters set forth in the notice of meeting will be put before the meeting at this time. Comments on each matter can be made after each one has been formally presented.

Now, I would like to ask the ushers to distribute Proxy Cards to any Shareholders who may not have returned their proxies for voting on the matters to come before the meeting.

Shareholders who have already returned proxies need not submit a new Proxy Card. If anyone requires a Proxy Card, please raise your hand.

The ushers will collect these cards, and deliver them to the Inspectors of Election, after the final item of business has been presented.

The first order of business is the election of twelve directors.

I would first like to take this opportunity to introduce three new directors who were not yet serving on our Board at the time of last year’s Annual Meeting.

Werner Geissler most recently served as Vice Chairman and Advisor to the CEO of Procter and Gamble until his retirement this past December. Werner’s keen knowledge of the global consumer products business, having served as a senior executive in many of P&G’s most important markets and regions, represents an invaluable asset to the Board going forward.

Jun Makihara is Chairman of Neoteny Co., Ltd., a Japanese venture incubator. Prior to that, Jun spent many years in a variety of executive roles in the financial services industry serving as a partner at Goldman Sachs and co-head of the Investment Banking Group and the Japanese Equities Group. He brings to the Board his deep experience in finance and a thorough knowledge of business in Asia.

Dr. Frederik Paulsen is Chairman of the Ferring Group, a research-driven, specialty biopharmaceutical group. Frederik’s significant experience as head of a successful multinational biopharmaceutical group, together with his scientific background, brings a unique perspective to PMI's efforts to develop Reduced-Risk Products.

It is my pleasure to welcome Werner, Jun and Frederik to our Board on your behalf.

(SLIDE 41.)

Before I place the names of the proposed directors in nomination, I would like to express my personal gratitude, as well as that of the entire Board to Carlos Slim Helú, for his service as a Director of Philip Morris International since the spin-off in 2008 and for many years prior to that on the Board of our former parent. Carlos is not standing for re-election to PMI's board and we will miss him dearly.

During his tenure on our board, Carlos made many invaluable contributions. He was an active participant as we examined strategic opportunities, expanded around the globe and planned our future course. We wish him well going forward and on behalf of the Board, all employees and shareholders, extend our most heartfelt gratitude to him for his service to Philip Morris International.

The following individuals have been nominated for election as director, each to hold office until the next Annual Meeting of Shareholders and until his or her successor shall have been duly chosen.

(SLIDE 42.)

Harold Brown

(SLIDE 43.)

André Calantzopoulos

(SLIDE 44.)

Myself

(SLIDE 45.)

Werner Geissler

(SLIDE 46.)

Jennifer Li

(SLIDE 47.)

Jun Makihara

(SLIDE 48.)

Sergio Marchionne

(SLIDE 49.)

Kalpana Morparia

(SLIDE 50.)

Lucio A. Noto

(SLIDE 51.)

Frederik Paulsen

(SLIDE 52.)

Robert B. Polet

(SLIDE 53.)

And Stephen M. Wolf

(SLIDE 54.)

In accordance with the Company's by-laws, no other nominations may be made at this time.

If you would like to comment on the nominations, please proceed to a microphone.

Again, each speaker is asked to limit his or her comments to two minutes.

Please identify yourself before you begin.

The meeting is now open for comments on the nominations.

Are there any comments?

Thank you.

We will now turn to the second item on the agenda, the ratification of the selection of PricewaterhouseCoopers as independent auditors of the Company for the fiscal year ending December 31, 2015.

Are there any comments on this matter?

Thank you.

We will now turn to the third item on the agenda, that the Company's shareholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company's Proxy Statement for the 2015 Annual Meeting of Shareholders.

Are there any comments on this matter?

Thank you.

As you know, the Proxy Statement contains two shareholder proposals.

For the reasons set forth in the Proxy Statement, we think shareholders should vote against both these proposals. In the interest of time and for the sake of clarity, I do not intend to elaborate on the proposals or our views on them.

We ask that the proponent of each of the shareholder proposals keep his or her statement limited to four minutes. We also ask that other speakers restrict their comments to the shareholder proposal and limit their comments to two minutes. In advance, I thank you for your cooperation and understanding.

Is the proponent of the first shareholder proposal present?

Lobbying – Mr. Brendan Griffith, Chief of Staff of the New York City AFL-CIO, will present the Proposal on behalf of the AFL-CIO Reserve Fund.

Are there any further comments on this proposal?

Thank you.

We will now move on to the second shareholder proposal. Is the proponent of the second shareholder proposal present?

Non-Employment of Certain Farm Workers – Ms. Catherine Rowan, Director, Socially Responsible Investments at Trinity Health, will present the Proposal on behalf of the Province of St. Joseph of the Capuchin Order.

Thank you. Are there any further comments on this proposal?

Thank you.

The matters to be voted on have now been formally presented to the meeting. If you have not already done so, please complete your Proxy Card. After you have done so, raise your hand and the ushers will collect all the Proxy Cards and deliver them to the Inspectors of Election.

Since all Shareholders have now had time to vote, I declare the polls closed.

The ushers should now have collected all the proxies, and they are directed to deliver the proxies to the Inspectors of Election for counting.

Earlier this morning, André explained how last year was a particularly difficult and complex year for PMI. Nevertheless, we successfully addressed specific challenges in key markets, and seamlessly executed a number of strategic initiatives, including the pilot launches of our Reduced-Risk Product, *iQOS*, the roll-out of the new *Marlboro* 2.0

Architecture and the optimization of our global manufacturing footprint. Within this context, we delivered a solid currency-neutral financial performance.

We continue to rise as an organization to overcome the significant challenges that we face and are doing our utmost to mitigate their impact while maintaining an uncompromising commitment to invest for the long term and generously reward our shareholders. None of this would be possible without the unfailing commitment, determination, discipline and creativity of our wonderful employees. On behalf of all our shareholders, please join with me in thanking them wholeheartedly.

Thank you.

I will now ask one of the Inspectors of Election to deliver their report to the Secretary.

Will the Secretary please read the report.

Mr. Chairman, the Inspectors of Election have completed the preliminary count of the vote, which I have now received. The preliminary voting results are as follows:

Each of the nominees for director has been elected.

The selection of PricewaterhouseCoopers as independent auditors has been ratified.

The advisory vote to approve executive compensation has been approved.

Shareholder Proposal 1 has been defeated.

Shareholder Proposal 2 has been defeated.

Mr. Chairman, that concludes the report.

Thank you, Jerry.

I would now ask you to file with the records of the meeting, the Inspector's Report, the oath of the Inspectors of Election, their certificate and the proxies. Final voting results will be included in a Form 8-K that we will file with the SEC in the next couple of days.

And now, there being no further business to come before the meeting, I hereby declare the meeting adjourned. Thank you all very much for coming.