

Annual Meeting of Stockholders

Philip Morris International Inc.

May 5, 2009

New York, NY

(SLIDE 1.)

[LCC enters, stands at podium -- applause fades]

-LCC-

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

I am Louis Camilleri, Chairman of the Board and Chief Executive Officer.

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

[Pause]

It is my privilege to welcome our Board of Directors, who are all in attendance and seated in the front rows, with the exception of Carlos Slim Helú, who – given the current situation in Mexico – understandably was unable to come to today's meeting.

I would like to introduce Penn Holsenbeck, Vice President and Corporate Secretary who is on stage with me.

[Pause]

In addition, I would like to introduce Jim Maher and Jim Schumacher of PricewaterhouseCoopers, our auditors. They are in the audience and will be available to answer questions after the meeting.

[Pause]

The Agenda and the rules for the meeting have been placed on your seats.

It is our intention to proceed in accordance with the Agenda and the rules for the meeting.

My remarks today contain certain forward-looking statements and I direct your attention to

the Forward-Looking and Cautionary Statements section at the end of today's news release and reconciliation slides of non-GAAP measures that will be posted on our web site.

The secretary will now present certain formal documents. Penn.

-GPH-

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, 2008.

The holders of record of common stock at the close of business on March 10, 2009 are entitled to vote at this meeting. I am informed that more than [TK]% of Philip Morris International Inc.'s common stock is represented here today, and, therefore, a quorum is present for the transaction of business.

-LCC-

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

I appoint as Inspectors of Election, Amilja [AMELIA] 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 10, 2009.

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

The 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. Proxies and ballots are kept confidential, except where shareholders have written comments on them.

[Pause]

(SLIDE 2.)

The highlight of 2008 was clearly our spin-off from Altria Group, Inc. in March. While we were not completely spared the effects of the global financial erosion and volatility in the capital markets during the latter part of the year, we transitioned flawlessly to our new status

as the largest publicly traded tobacco company. PMI's strong 2008 results underscore that our business fundamentals are in excellent shape and our solid business momentum has set the stage for further growth in the years to come.

(SLIDE 3.)

In 2008, PMI's cigarette volume reached 869.8 billion units, an increase of 21.1 billion, or 2.5%, compared to 2007. On an organic basis, excluding the impact of acquisitions, volume was up 1.0% versus 2007, reflecting our best performance in recent years as we accelerated the development and roll-out of new products and significantly improved our speed to market.

(SLIDE 4.)

We successfully grew share in 2008 in both the more mature OECD markets, as well as the emerging non-OECD markets, with a particularly strong performance in the fourth quarter.

(SLIDE 5.)

Net revenues, excluding excise taxes, reached \$25.7 billion, an increase of \$2.9 billion, or 12.7% versus 2007, and up \$1.5 billion, or 6.6%, excluding currency.

(SLIDE 6.)

Operating companies income, or OCI, grew by an impressive \$1.5 billion, or 16.7%, to \$10.4 billion and was up \$1.0 billion, or 11.3%, excluding currency.

(SLIDE 7.)

Reported diluted earnings per share, or EPS, of \$3.32 grew by 16.1% versus 2007, and by 10.8% on a constant currency basis.

Let me now share with you our results in the first quarter of this year.

(SLIDE 8.)

During the first quarter, our cigarette shipment volume was stable at 203.4 billion units, but was 1.1% lower excluding acquisitions. However, on a per selling day basis, organic volume was stable in spite of significant price increases. This represents a solid achievement in light of our strong results during the first quarter of last year and was achieved in spite of the continued industry volume decline in Western Europe and Japan and a 10.5% decline in duty-free sales resulting from the impact of reduced travel.

(SLIDE 9.)

In the first quarter, net revenues, excluding excise taxes, of \$5.6 billion increased by 6.3%, excluding currency, driven by price increases across a broad range of markets.

(SLIDE 10.)

OCI of \$2.4 billion grew by 8.8% excluding currency, driven by strong performances in the Eastern Europe, Middle East and Africa, or EEMA, and Asia Regions.

(SLIDE 11.)

Reported diluted EPS were \$0.74, up 12.7%, excluding the impact of unfavorable currency.

(SLIDE 12.)

As anticipated, our first quarter results were severely impacted by the strength of the US Dollar, with net revenues, OCI and EPS adversely impacted to the tune of \$700 million, \$400 million and 15 cents, respectively.

(SLIDE 13.)

The currency environment has become more favorable recently but remains very volatile.

(SLIDE 14.)

Higher pricing is expected to offset any potential softness in our volume. Therefore, based on these results and our current expectations for the balance of the year, we remain confident that, in 2009, we will be able to deliver against our mid to long-term currency neutral growth targets of 4% to 6% in net revenues, 6% to 8% in operating income and 10% to 12% in EPS. Indeed, our guidance for this year calls for constant currency EPS growth of between 10% and 14%.

(SLIDE 15.)

Our confidence is based on the successful implementation of the strategies that we outlined at the time of the spin-off and, in particular, on the successful acceleration of innovation across our key brands and the roll-out of a new brand architecture for *Marlboro*.

(SLIDE 16.)

Our innovation efforts are focused on four key consumer trends. These are a greater preference for lighter-tasting, smoother cigarettes; an increased consumer interest in innovation and new products; a growing preference for slimmer diameter products amongst both male and female adult smokers; and an increase in demand in certain markets, most notably in Asia, for menthol cigarettes.

(SLIDE 17.)

Let me share with you a couple of examples of our success with the launch of new products, focusing on *Marlboro*.

Marlboro Filter Plus, also sold as *Marlboro Flavor Plus*, has a unique multi-chambered filter, one of which contains tobacco for added flavor and is sold in a novel sliding pack. It was first introduced in Korea and has since been successfully expanded to a wide range of markets. It has been a notable success in Romania, where it achieved a 2.5% market share in the first quarter of 2009 and continues on an upward trend.

(SLIDE 18.)

Marlboro Black Menthol was launched last August in Japan, where it has become our most successful new launch ever in this important market. It has achieved a 1.0% share of market and has enabled the *Marlboro* brand family to resume its growth, reaching a 10.4% market share in the first quarter of this year.

Following its success in Japan, *Marlboro Black Menthol* has been introduced in both Hong Kong and Indonesia.

(SLIDE 19.)

Marlboro remains by far the best selling international cigarette brand in the world, but we have also successfully developed a broad portfolio of other brands across all price categories.

(SLIDE 20.)

Parliament is a prestige brand noted for its recessed filter. Its volume grew by 5.9% in the first quarter of this year. The brand generates superior margins and is particularly successful in Korea, Russia, Turkey and Ukraine. In Russia in fact, *Parliament* outsells *Marlboro* by some 25%.

(SLIDE 21.)

L&M is one of the world's leading mid-price brands. Although *L&M*'s volume declined by 0.5% in the first quarter of this year, this was a relatively solid performance attributable mainly to the European Union Region, where it is the second largest cigarette brand, and most notably Germany, where *L&M* is the fastest growing brand on the market.

(SLIDE 22.)

Chesterfield is a mid-price brand that generally sells at a premium to *L&M* and therefore generates higher margins. During the first quarter of this year, the brand's strong performance in the EU Region, where volume was up 5.5% most notably due to its strength in Austria,

France and Portugal, was partially offset by a decline in Russia.

[Pause]

(SLIDE 23.)

The success of our diverse portfolio of brands is driven, in part, by the environment in which we operate, which is why one of our important long-term strategies is the pursuit of comprehensive regulation and fiscal policies that govern the manufacture, marketing, sale and use of tobacco products, based on the broader goal of harm reduction. This strategy is explained in depth on our website and I encourage you to visit it to learn more about the company's commitment to addressing the complex issues surrounding tobacco use.

(SLIDE 24.)

While we have actively supported ratification, and many of the provisions, of the World Health Organization's Framework Convention on Tobacco Control, we do not support each and every proposal made by the FCTC's Conference of the Parties or by all public health groups. We believe that tobacco companies should be permitted to communicate directly with adult smokers within well-defined – and enforced – rules. The ability to communicate with adult smokers about our brands is fundamental to fair and vigorous competition which is why we do not agree to unilaterally stop all advertising, marketing or promotions. However, we will continue to press for effective legislation restricting tobacco marketing, including bans on television, radio, cinema, and billboards, provided that the rules apply to, and are enforced against, all tobacco products and all industry participants.

(SLIDE 25.)

Similarly, we do not support unreasonable product standards that are intended to prevent the manufacture of products that adult smokers prefer.

(SLIDE 26.)

Nor do we support the growing call for product display bans and plain packaging. The imposition of point-of-sale display bans and generic packaging are inappropriate measures – fraught with legal and anti-competitive problems – with no evidence whatsoever to support the claim that either action would lead to a reduction in smoking prevalence among youth or adults. Proponents of these measures also ignore the potential unintended consequences that would likely result, particularly a decrease in prices and an increase in illicit trade, both of which undermine public health objectives. Finally, generic packaging would strip manufacturers of their valuable trademarks, resulting in governmental expropriation for no legitimate purpose.

(SLIDE 27.)

Our opposition to these radical proposals does not mean we oppose effective steps to prevent

youth smoking. On the contrary, we continue to focus on working with governments and retailers to stop kids from buying tobacco products. Youth smoking remains a worldwide problem. No one wants kids to smoke, including all of us at Philip Morris International.

This is why we advocate minimum age laws and impress on governments the need to strictly enforce them. We also communicate with retailers about the law, their responsibilities and how best to prevent sales to children.

(SLIDE 28.)

Our knowledge of the products and the business has proven to be a valuable asset in working with governments to shape truly effective and meaningful regulation. We will continue to offer governments our support and advice and to seek common ground.

[Pause]

(SLIDE 29.)

We believe that our strategy of constructive engagement is one of the key strengths of our company, along with our superior brands, our strong financial capabilities and our talented people.

(SLIDE 30.)

Our financial capabilities stem from our ability to continually generate strong cash flows. In 2008, our free cash flow, which is defined as operating cash flow less capital expenditures, reached \$6.8 billion, an increase of \$2.4 billion, or 52.7%, compared to 2007. In the first quarter of this year, we generated a free cash flow of \$1.3 billion, in line with last year, despite an adverse currency hit of some \$300 million.

(SLIDE 31.)

Our balance sheet remains very strong with a net debt to EBITDA ratio of 0.94 to 1 at the end of last year. We have a very favorable debt profile, having successfully issued the equivalent of \$10.1 billion in bonds in 2008 and further bonds this year for an amount equivalent to \$3.0 billion, at attractive interest rates with well-laddered maturities. We have unused bank credit lines of over \$6 billion and continuous access to the commercial paper market.

Our strong liquidity and excellent credit worthiness is reflected in our solid credit ratings, positioning us very well in today's uncertain financial environment. Our net debt to EBITDA ratio at the end of the first quarter was 1.08 to 1 on a 12 month rolling basis.

(SLIDE 32.)

We continue to implement our strategy to generously return cash to our shareholders. We

increased the quarterly dividend by 17.4% in August of 2008 to an annualized rate of \$2.16 per share. At the current share price, this represents an attractive yield of 5.7%. Furthermore, we have stated our willingness to go beyond our target dividend pay-out ratio of 65% in 2009.

We remain committed to the \$13 billion, two-year share repurchase program that we initiated in May of last year. We spent \$5.4 billion on share repurchases in 2008 and a further \$1.3 billion during the first quarter of this year.

(SLIDE 33.)

In spite of the difficult global economic environment, I remain very confident in PMI's ability to continue to generate superior returns for our shareholders over the long term. Our track record is excellent. Over the last ten years, we have increased our volume at a compound annual growth rate of 2.0% and our OCI at a compound annual growth rate of 7.6%.

(SLIDE 34.)

As I said, we have an outstanding brand portfolio, led by *Marlboro* and *Parliament*, which is the leader in the above premium price category, and a wide range of mid and low-price brands, led by *L&M*, *Chesterfield* and *Bond Street*.

(SLIDE 35.)

We are the global leader in the tobacco industry with a superior infrastructure and, we believe, the best geographic balance.

(SLIDE 36.)

We have demonstrated our ability to use pricing in order to improve profitability, even in recessionary times. In fact, our pricing variance in the first quarter of this year was our highest ever.

(SLIDE 37.)

We are fully on track with our ambitious productivity and cost saving programs, which will generate \$1.5 billion in gross savings over the 2008 to 2010 period.

(SLIDE 38.)

We have a very strong cash flow, which along with our prudent financial approach, provides us with healthy liquidity, superior credit worthiness and a very robust balance sheet.

(SLIDE 39.)

Finally, and perhaps most important, this company is blessed with a tremendously capable Board of Directors and highly talented and committed employees.

(SLIDE 40.)

Our strong business momentum and financial capabilities underpin our dividend and share repurchase program and should generate superior long-term returns for our shareholders.

(SLIDE 41.)

Indeed, we expect to return more than \$9 billion in cash to our shareholders in 2009. This is more than 12% of our current market capitalization.

(SLIDE 42.)

In my opinion, very few investment opportunities today are as compelling as PMI.

(SLIDE 43.) (TITLE SLIDE)

[Pause]

You may have noted in the Proxy Statement that the one stockholder proposal the Company received for this Annual Meeting was withdrawn.

The proposal in question came from Father Michael Crosby, representing the Province of St. Joseph of the Capuchin Order. It asked us to implement procedures to help protect agricultural workers from “Green Tobacco Sickness,” or GTS, an ailment that can arise when harvesting wet tobacco.

We take all stockholder proposals very seriously. Although we do not employ any agricultural workers, we do require that our tobacco growers and suppliers adhere to our Good Agricultural Practices, which include enhancing worker safety.

Consequently, following a review of the proposal and a discussion with Father Crosby, we decided that we should help address this problem. The steps we will take are fully described in the Proxy Statement, but I’d like to highlight several of our key commitments.

- We will include specific protocols on GTS in our Good Agricultural Practices;
- We will include provisions in our contracts with our growers and leaf suppliers requiring them to implement these protocols, and we will develop training and informational materials to be shared with growers about GTS prevention and treatment;

- We will develop ways to monitor and verify compliance with these new requirements by our growers and leaf suppliers; and
- We will report our progress on the program on an annual basis and we will include a specific section on our website on GTS and its prevention.

Based on these commitments, which also include outreach to governmental authorities to inform them about GTS, Father Crosby graciously agreed to withdraw his proposal. Even though Father Crosby could not be here today, I would like to acknowledge him for his commitment to this issue.

He has, and continues to hold, strong views against tobacco and has been a vocal critic of some of our activities. That he had the courage, despite much criticism from some quarters, to engage in a constructive and meaningful dialogue with us to advance an important issue is, I trust, an example for others to follow. As I have repeatedly stated, we share much common ground with our critics and it is my belief that *real* progress will undoubtedly materialize through cooperation rather than conflict.

[Pause]

I 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 Penn to serve as 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 your questions or comments directly to me, and be sure to identify yourself.

Are there any questions or comments?

[After one hour, GPH gives LCC card suggesting end]

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

[Pause – remove microphones]

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 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 now.

[Pause – look around]

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 nine directors.

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

(SLIDE 44.)

Harold Brown

(SLIDE 45.)

Mathis Cabiallavetta

(SLIDE 46.)

Louis C. Camilleri

(SLIDE 47.)

J. Dudley Fishburn

(SLIDE 48.)

Graham Mackay

(SLIDE 49.)

Sergio Marchionne

(SLIDE 50.)

Lucio A. Noto

(SLIDE 51.)

Carlos Slim Helú

(SLIDE 52.)

And Stephen M. Wolf

(SLIDE 53.) (TITLE SLIDE)

[Microphones back in place]

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?

[Pause -- check for comments]

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, 2009.

Are there any comments on this matter?

[Pause -- check for comments]

Thank you.

We will now turn to the third, and final, item on the agenda, to approve the eligibility, business criteria for awards and award limits under the PMI 2008 Performance Incentive Plan.

Are there any further comments on this matter?

[Pause -- check for comments]

Thank you.

[Pause -- check for comments -- microphones removed]

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.

[Wait for ushers to go up and down the aisles to collect last-minute proxies]

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.

[Pause]

Around the globe, more than 75,000 people, representing over 100 nationalities, work for Philip Morris International.

In 2005, we were delighted to welcome into our family the employees of PT HM Sampoerna. Today, this PMI affiliate in Indonesia employs approximately 30,000 people directly, and contracts with third-party operators who collectively employ more than 60,000 people. Most of these work in the manufacture of hand-rolled “kreteks” or clove cigarettes, and the majority are women. In many cases, they are the primary bread winners in their families.

In a moment, I will show you a video of one of Sampoerna’s anniversary celebrations, during which employees who have worked 25 years for the company are honored. You will meet three women who work in our hand-rolled manufacturing center in Surabaya, East Java. In a typical year, anywhere between 500 and 800 employees receive this award, which in itself speaks volumes about the bond between our employees and the company.

In all the countries in which we operate, we take our responsibility to contribute to the local community very seriously. In Indonesia, in addition to providing for the welfare of our staff, we fund programmes which support poverty alleviation, education, environmental protection, disaster relief and employee volunteerism.

These efforts were recognized last year when Sampoerna received three awards at the Indonesian Corporate Social Responsibility Awards, coordinated by the Ministry of Social Welfare in cooperation with the Corporate Forum for Community Development in the areas of disaster relief, economic community support and environmentalism.

Let's now watch the video which celebrates 75 years of combined service among these three employees, and recognize, along with the many thousands of our other employees around the world, their exceptional contributions.

[Show video]

I hope you found that as truly inspirational as I did when I first saw it. My heartfelt thanks go out to these women, their colleagues at Sampoerna and to all our staff worldwide. Please join me as I salute the employees of Philip Morris International.

[Lead applause]

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

[Pause while report is delivered to Penn]

Will the Secretary please read the report.

-GPH-

[GPH reads report]

-LCC-

Thank you, Penn.

[Pause]

I would now ask the Secretary to file with the records of the meeting, the Inspector's Report, the oath of the Inspectors of Election, their certificate and the proxies. Results of the voting will be included in a news release posted to our web site following the meeting. Final voting results will be included in our 2009 First-Quarter 10-Q filing.

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.

[End]