



PHILIP MORRIS INTERNATIONAL

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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-K for the year ended December 31, 2008, and Form 10-Q for the quarter ended March 31, 2009, filed with the Securities and Exchange Commission.**
- **Reconciliations of non-GAAP measures included in this presentation to the most comparable GAAP measures are provided at the end of this web cast.**

Currency Neutral Mid to Long-Term Annual Growth Targets

■ Cigarette Volume	1 – 2%
■ Net Revenues ^(a)	4 – 6%
■ Operating Income	6 – 8%
■ EPS	10 – 12%

First-Quarter 2009 Results

	<u>Q1 2009</u>	<u>Growth Q1, 2009 vs. Q1, 2008</u>	
		<u>Increase / (Decrease)</u>	<u>Excl. Curr. & Acquisitions</u>
Cigarette Volume (units billion)	203.4	- %^(a)	(1.1)%^(b)
Net Revenues (\$ billion)^(c)	5.6	(5.5)%	3.9%
OCI (\$ billion)	2.4	(7.0)%	6.2%
Reported Diluted EPS (\$ / share)	0.74	(6.3)%	12.7%^(d)
Adjusted Diluted EPS (\$ / share)	0.74	(7.5)%	11.3%^(d)

(a) An increase of 1.1% on a per selling day basis.

(b) At 2008 level on a per selling day basis.

(c) Excluding excise taxes.

(d) Only excluding currency.

Source: PMI Financials

Currency

- **First-quarter 2009 results adversely impacted by currency:**
 - net revenues \$697 million
 - OCI \$401 million
 - EPS 15 cents
- **Currency environment slightly more favorable at present but remains very volatile**

Emerging Markets

- **We have not seen any broad-based trend towards consumer down-trading on a global basis in Q1, 2009**
- **Softening of consumer trends in the first quarter in Russia and Ukraine**
- **No consumer down-trading in Indonesia, where PMI volume in Q1, 2009, was up 2.8%**
- **Consumer up-trading in Q1, 2009, from low and super-low price segments in Argentina, where PMI volume and share have continued to increase**

Pricing

- Since October 2008, PMI has increased prices notably in:

EU	EEMA	Asia	LA & Canada
Czech Rep.	Romania	Australia	Argentina
Greece	Russia	Indonesia	Brazil
Italy	Serbia	Pakistan	Canada
Spain	Turkey	Philippines	Colombia
UK	Ukraine		Mexico

- PMI has announced to the trade plans to increase prices in Germany in June by €0.20 across the board
- Pricing variance in Q1, 2009, was \$358 million, PMI's highest quarterly pricing variance ever

Capital Structure

- **Tremendous free cash flow: \$6.8 billion in 2008^(a)**
- **Strong balance sheet**
- **Long-term credit ratings A2 / A / A+**
- **\$10.1 billion bond offerings in US Dollars, Euros and Swiss Francs in 2008**
- **Additional Euro 2.0 billion and CHF 0.5 billion in bonds issued during the first quarter of 2009**
- **Weighted average cost of long-term debt of 5.6%**
- **Over \$6 billion of committed revolving credit facilities**
- **Access to Tier 1 commercial paper market**

Shareholder Returns

- **Dividend raised by 17.4% in August 2008 to an annualized rate of \$2.16 / share**
- **Willingness in 2009 to exceed 65% dividend payout target**
- **\$13 billion two-year share repurchase program initiated in May 2008**
- **\$5.4 billion of share repurchases in 2008 and similar amount anticipated for 2009**
- **\$1.3 billion of share repurchases in Q1, 2009**

Summary

- Tobacco sector resilient
- PMI has best brand portfolio and geographic balance
- Innovation and new *Marlboro* architecture
- Prices increased across broad range of markets
- Manageable excise tax and regulatory environment
- Cost savings programs on track
- Currency headwinds in the short-term
- Substantial cash flows and excellent liquidity
- Dividends and share repurchases

Reconciliation of Non-GAAP Measures

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

2009							2008 ⁽¹⁾			% Change on 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
\$ 6,050	\$ (4,063)	\$ 1,987	\$ (251)	\$ 2,238	\$ 16	\$ 2,222	\$ 6,697	\$ (4,451)	\$ 2,246	(11.5)%	(0.4)%	(1.1)%
2,831	(1,379)	1,452	(312)	1,764	-	1,764	3,283	(1,621)	1,662	(12.6)%	6.1%	6.1%
2,857	(1,267)	1,590	(49)	1,639	-	1,639	2,976	(1,473)	1,503	5.8%	9.0%	9.0%
1,548	(980)	568	(85)	653	124	529	1,398	(888)	510	11.4%	28.0%	3.7%
\$ 13,286	\$ (7,689)	\$ 5,597	\$ (697)	\$ 6,294	\$ 140	\$ 6,154	\$ 14,354	\$ (8,433)	\$ 5,921	(5.5)%	6.3%	3.9%

2009							2008 ⁽¹⁾			% Change on 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	Less Currency	Reported Operating Companies Income	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions		
\$ 967	\$ (184)	\$ 1,151	\$ 11	\$ 1,140	\$ 1,167	\$ 1,167	(17.1)%	(1.4)%	(2.3)%			
586	(201)	787	-	787	680	680	(13.8)%	15.7%	15.7%			
661	19	642	-	642	550	550	20.2%	16.7%	16.7%			
155	(35)	190	55	135	149	149	4.0%	27.5%	(9.4)%			
\$ 2,369	\$ (401)	\$ 2,770	\$ 66	\$ 2,704	\$ 2,546	\$ 2,546	(7.0)%	8.8%	6.2%			

(1) As discussed in Note 1. Background and Basis of Presentation of our 2008 consolidated financial statements which appears in our Annual Report on Form 10-K, prior to 2008, certain of our subsidiaries reported their results up to ten days before the end of December, rather than on December 31. During 2008, these subsidiaries moved to a December 31 closing date. As a result, certain amounts in the first quarter of 2008 were revised to reflect this change.

Reconciliation of Non-GAAP Measures

Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income
For Quarters Ended March 31,
(in millions)
(Unaudited)

2009							2008 ⁽¹⁾			% Change on 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 excluding Currency	Adjusted excluding Currency & Acquisitions		
\$ 967	\$ (1)	\$ 968	\$ (184)	\$ 1,152	\$ 11	\$ 1,141	European Union	\$ 1,167	\$ (8)	\$ 1,175	(17.6)%	(2.0)%	(2.9)%
586	-	586	(201)	787	-	787	EEMA	680	(1)	681	(14.0)%	15.6%	15.6%
661	-	661	19	642	-	642	Asia	550	(14)	564	17.2%	13.8%	13.8%
155	-	155	(35)	190	55	135	Latin America & Canada	149	-	149	4.0%	27.5%	(9.4)%
\$ 2,369	\$ (1)	\$ 2,370	\$ (401)	\$ 2,771	\$ 66	\$ 2,705	PMI Total	\$ 2,546	\$ (23)	\$ 2,569	(7.7)%	7.9%	5.3%

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Reconciliation of Non-GAAP Measures

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

	<u>2009</u>	<u>2008</u>	<u>% Change</u>
Reported Diluted EPS⁽¹⁾	\$ 0.74	\$ 0.79	(6.3)%
Adjustments:			
Asset impairment and exit costs	<u>-</u>	<u>0.01</u>	
Adjusted Diluted EPS	\$ 0.74	\$ 0.80	(7.5)%
Add:			
Currency Impact	<u>0.15</u>	<u> </u>	
Adjusted Diluted EPS, Excluding Currency	<u>\$ 0.89</u>	<u>\$ 0.80</u>	11.3%

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Reconciliation of Non-GAAP Measures

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

	<u>2009</u>	<u>2008</u>	<u>% Change</u>
Reported Diluted EPS⁽¹⁾	\$ 0.74	\$ 0.79	(6.3)%
Add:			
Currency Impact	<u>0.15</u>	<u> </u>	
Reported Diluted EPS, Excluding Currency	<u><u>\$ 0.89</u></u>	<u><u>\$ 0.79</u></u>	12.7%

(1) As discussed in Note 1. Background and Basis of Presentation of our 2008 consolidated financial statements which appears in our Annual Report on Form 10-K, prior to 2008, certain of our subsidiaries reported their results up to ten days before the end of December, rather than on December 31. During 2008, these subsidiaries moved to a December 31 closing date. As a result, certain amounts in the first quarter of 2008 were revised to reflect this change.

Reconciliation of Non-GAAP Measures

Reconciliation of Operating Companies Income to Operating Income
For the Quarters Ended March 31

	<u>First Quarter 2009</u>	<u>First Quarter 2008</u>
EU	\$ 967	\$ 1,167
EEMA	586	680
Asia	661	550
Latin America & Canada	155	149
Operating Companies Income	\$ 2,369	\$ 2,546
Amortization of intangibles	(15)	(9)
General corporate expenses	(34)	(13)
Operating Income	\$ 2,320	\$ 2,524



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