



PHILIP MORRIS INTERNATIONAL

Louis C. Camilleri

Chairman and Chief Executive Officer

Morgan Stanley Global Consumer & Retail Conference

New York, 19 November 2009



Forward-Looking, Cautionary Statements and Use of Non-GAAP Measures

- 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 September 30, 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 either at the end of this web cast or are already available on our web site



Agenda

- **Performance against our growth targets**
- **Why we believe these growth targets remain realistic**
- **Key strategies and growth opportunities, and the strong cash flow that underpins our ability to enhance shareholder returns**



Currency Neutral Mid to Long-Term Annual Growth Targets

■ Cigarette Volume ^(a)	1 – 2%
■ Net Revenues ^{(b)(c)}	4 – 6%
■ Operating Companies Income ^(c)	6 – 8%
■ EPS ^(d)	10 – 12%

(a) Organic volume growth (that is, excluding acquisitions) target of 1%

(b) Excluding excise taxes

(c) Excluding currency and acquisitions

(d) Excluding currency



2008 PMI Results

(% growth)	Mid to Long-Term <u>Target</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Full Year</u>
Organic Cigarette Volume^(a)	1	(0.2)	0.3	3.2	0.6	1.0



2008 PMI Results

(% growth)	Mid to Long-Term Target	Q1 ^(f)	Q2 ^(f)	Q3 ^(f)	Q4 ^(f)	Full Year ^(f)
Organic Cigarette Volume ^(a)	1	(0.2)	0.3	3.2	0.6	1.0
Net Revenues ^{(b)(c)}	4-6	5.5	4.0	7.2	5.6	5.6
Adjusted OCI ^(c)	6-8	19.4	9.2	7.1	5.5	9.8
Adjusted Diluted EPS ^{(d)(e)}	10-12	23.7	10.0	9.0	12.5	12.9

(a) Excluding acquisitions

(b) Excluding excise taxes

(c) Excluding currency and acquisitions

(d) Excluding currency

(e) Compared to pro forma 2007 results

(f) Please see relevant reconciliations to most comparable GAAP measures posted on our web site or at the end of this presentation

Source: PMI Financials

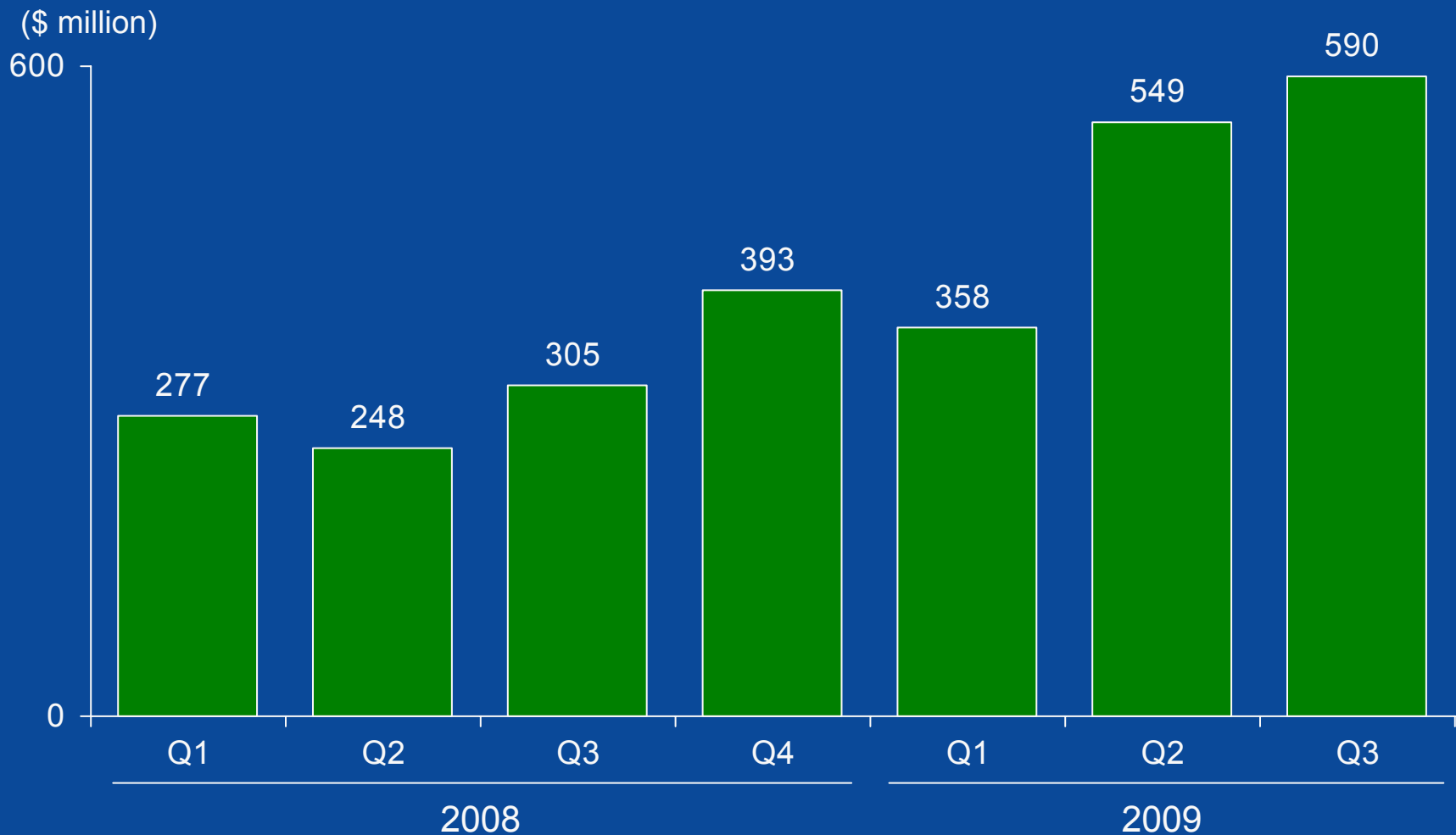


2009 PMI Results

(% growth)	Mid to Long-Term <u>Target</u>	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	YTD <u>Sept</u>
Organic Cigarette Volume ^(a)	1	(1.1)	(1.1)	(4.0)	(2.1)



Pricing Variance





2009 PMI Results

(% growth)	Mid to Long-Term Target	Q1 ^(e)	Q2 ^(e)	Q3 ^(e)	YTD Sept ^(e)
Organic Cigarette Volume ^(a)	1	(1.1)	(1.1)	(4.0)	(2.1)
Net Revenues ^{(b)(c)}	4-6	3.9	6.1	4.1	4.7
Adjusted OCI ^(c)	6-8	5.3	9.5	10.6	8.6
Adjusted Diluted EPS ^(d)	10-12	11.3	17.2	18.3	15.4

(a) Excluding acquisitions

(b) Excluding excise taxes

(c) Excluding currency and acquisitions

(d) Excluding currency

(e) Please see relevant quarterly reconciliations to most comparable GAAP measures posted on our website

Source: PMI Financials



PMI Adjusted OCI Margins^(a)

(%)	YTD Sept <u>2008</u>	YTD Sept <u>2009</u>	<u>Variance</u>
EU	50.9%	51.7%	0.8pp
EEMA	42.8	44.8	2.0
Asia	34.9	37.3	2.4
LA & Canada	25.5	32.7	7.2
PMI	42.6	44.2	1.6



2009 Reported Diluted EPS Guidance

- **2009 reported diluted EPS guidance: \$3.20 - \$3.25**
- **Based on October results and current business and currency outlook for the remainder of the year, we expect reported diluted EPS for 2009 to be at the upper end of this range**



Future Prospects

- **Beyond 2009, we believe we can continue to deliver against our mid to long-term annual growth targets**
- **Difficult to predict shape and timing of employment-led economic recovery**
- **Confident we can meet EPS and free cash flow targets, which we believe are the two most important metrics**
- **Ability to meet our volume targets depends on sustained recovery in employment levels**

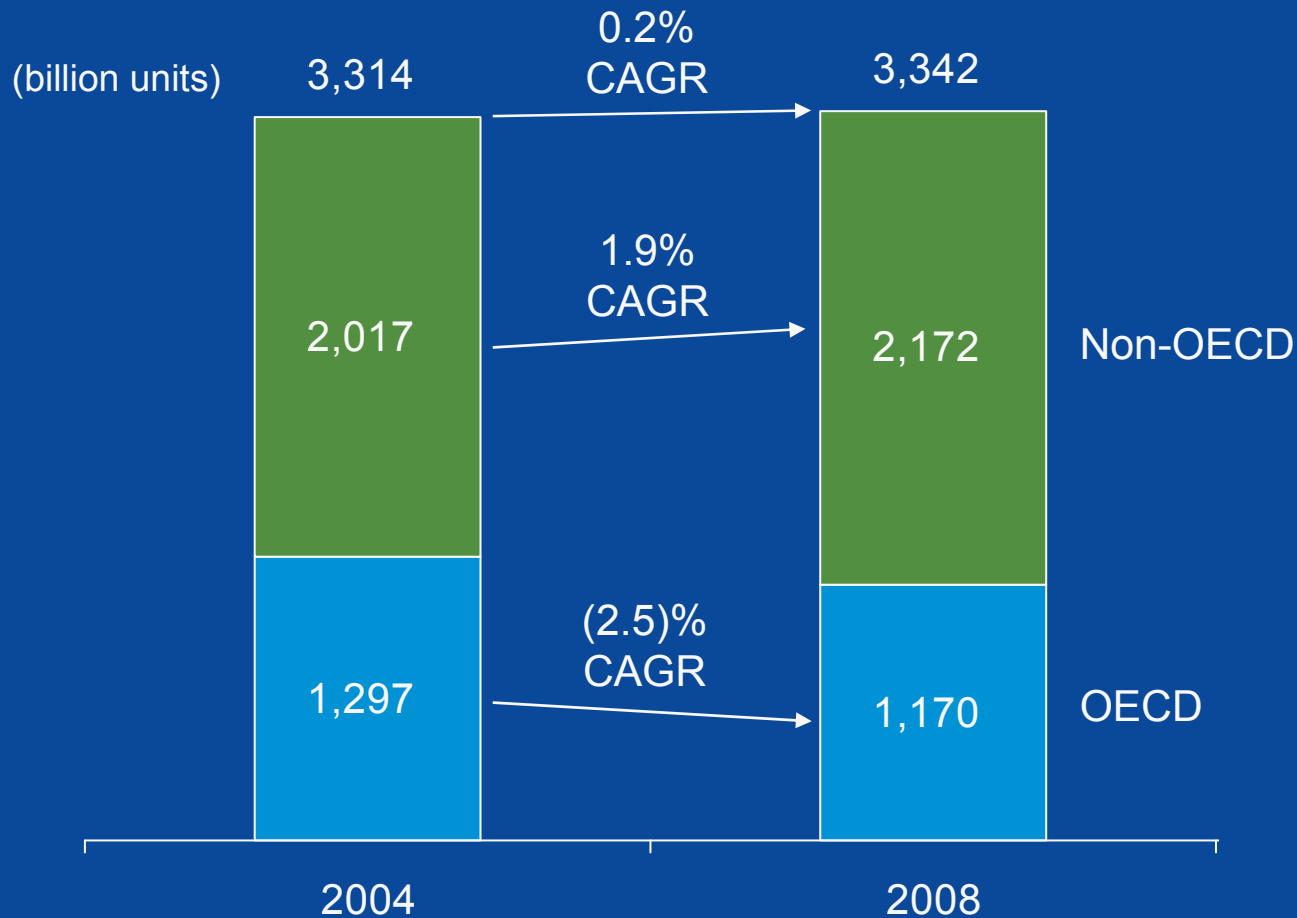


PMI Organic Volume Drivers

- Total consumption trends
- Geographic mix
- PMI market share growth
- Other factors



Total Cigarette Industry Volume^(a)



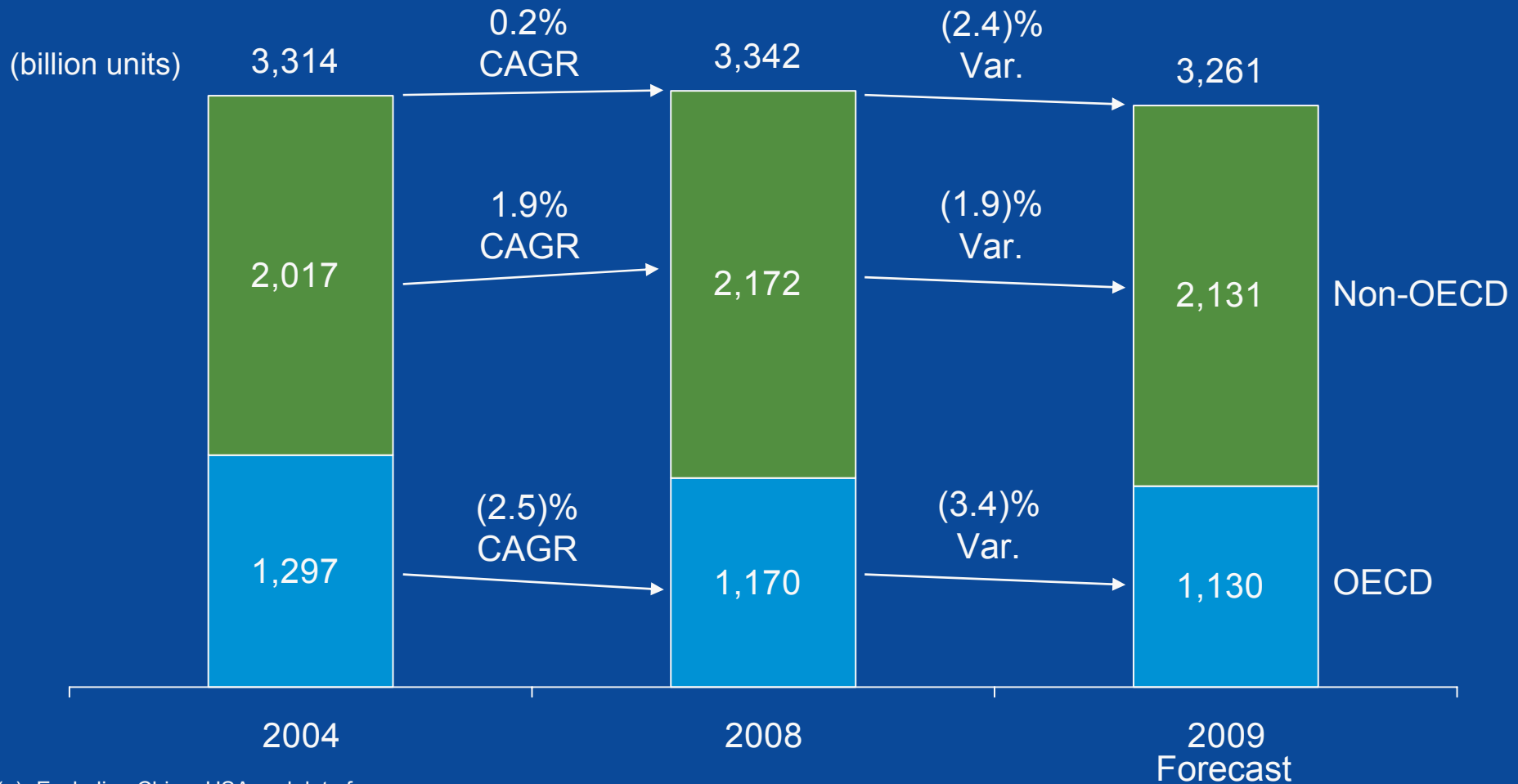
(a) Excluding China, USA and duty-free

Note: Organization for Economic Co-operation and Development (OECD)

Source: PMI estimates



Total Cigarette Industry Volume^(a)



(a) Excluding China, USA and duty-free

Note: Organization for Economic Co-operation and Development (OECD)

Source: PMI estimates



Key Industry Volume Drivers

- **Demographics**
- **Consumer purchasing power**



Key Industry Volume Drivers

- Demographics
- Consumer purchasing power
- Excise taxation



Key Industry Volume Drivers

- Demographics
- Consumer purchasing power
- Excise taxation
- Regulatory environment
- Social trends



Key Industry Volume Drivers

- Demographics
- Consumer purchasing power
- Excise taxation
- Regulatory environment
- Social trends



**Expected industry volume trend post economic crisis:
annual range of +/- 0.5%**

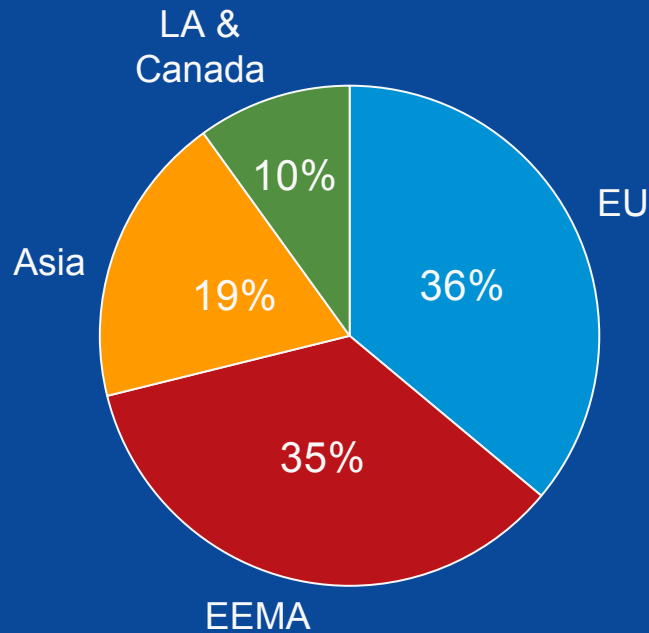


PMI Share Growth Targets

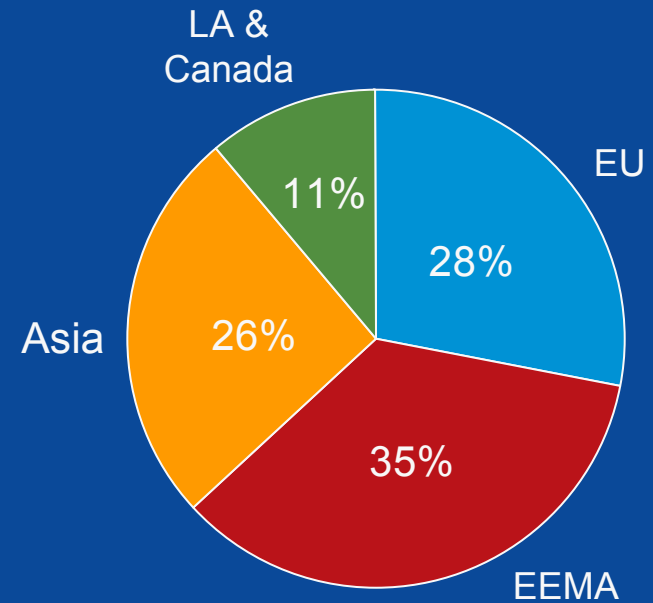
- **To achieve 1% organic volume growth within this industry volume range, PMI needs to gain between 0.1 and 0.4 share points**
- **Organic share gain of 0.2 points in 2008 (with 0.2% industry volume growth)**
- **PMI should be able to do at least as well going forward benefiting from:**
 - **Greater exposure to faster growing emerging markets**
 - **Strong share momentum across a wide range of geographies**



PMI Regional Volume Mix



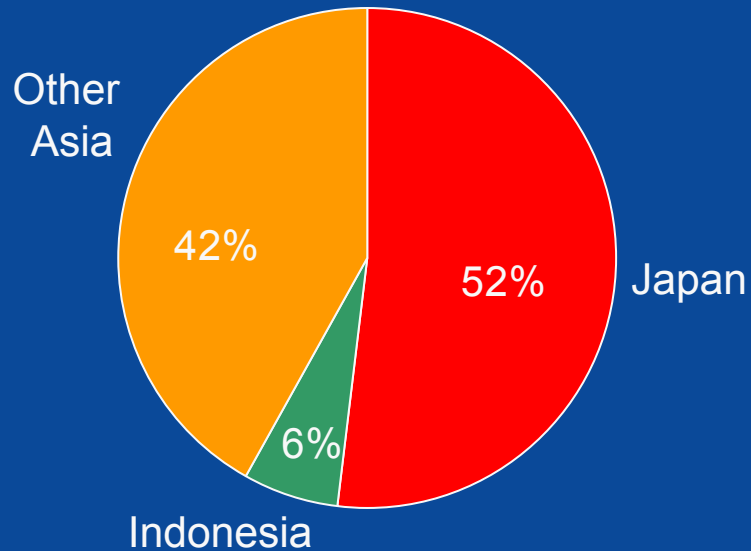
2004 Volumes:
762 billion units



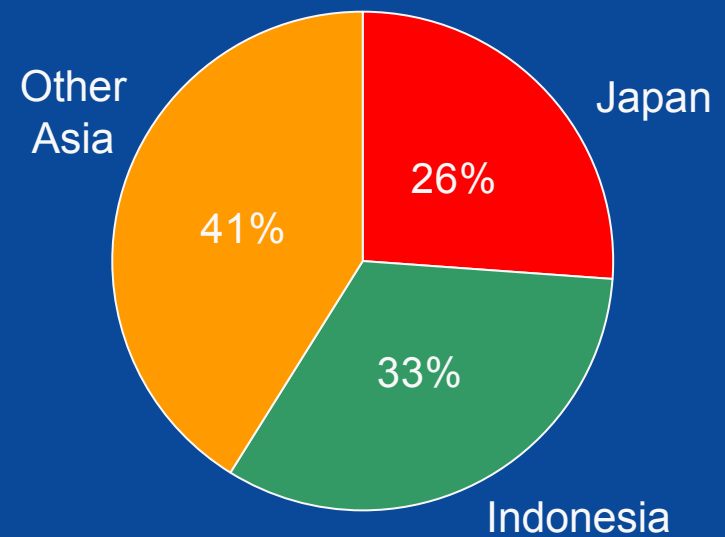
2008 Volumes:
870 billion units



PMI Asia Region Volume Mix



2004 Volumes:
142 billion units



2008 Volumes:
224 billion units



PMI Market Share Growth

	<u>2004</u>	<u>2006</u>	<u>YTD Sept 2009</u>	<u>Avg. Annual Share Growth 2004-09 YTD</u>
Egypt	6.4%	10.2%	15.9%	1.9pp
Russia	N/A ^(a)	22.2	25.3	1.0 ^(b)
Turkey	36.9	43.6	42.8	1.2
Ukraine	31.0	33.1	35.8	1.0
Indonesia	23.5	28.3	29.0	1.1
Korea	7.4	8.6	14.0	1.3
Argentina	65.1	66.3	73.3	1.6
Mexico	60.1	63.5	69.2	1.8

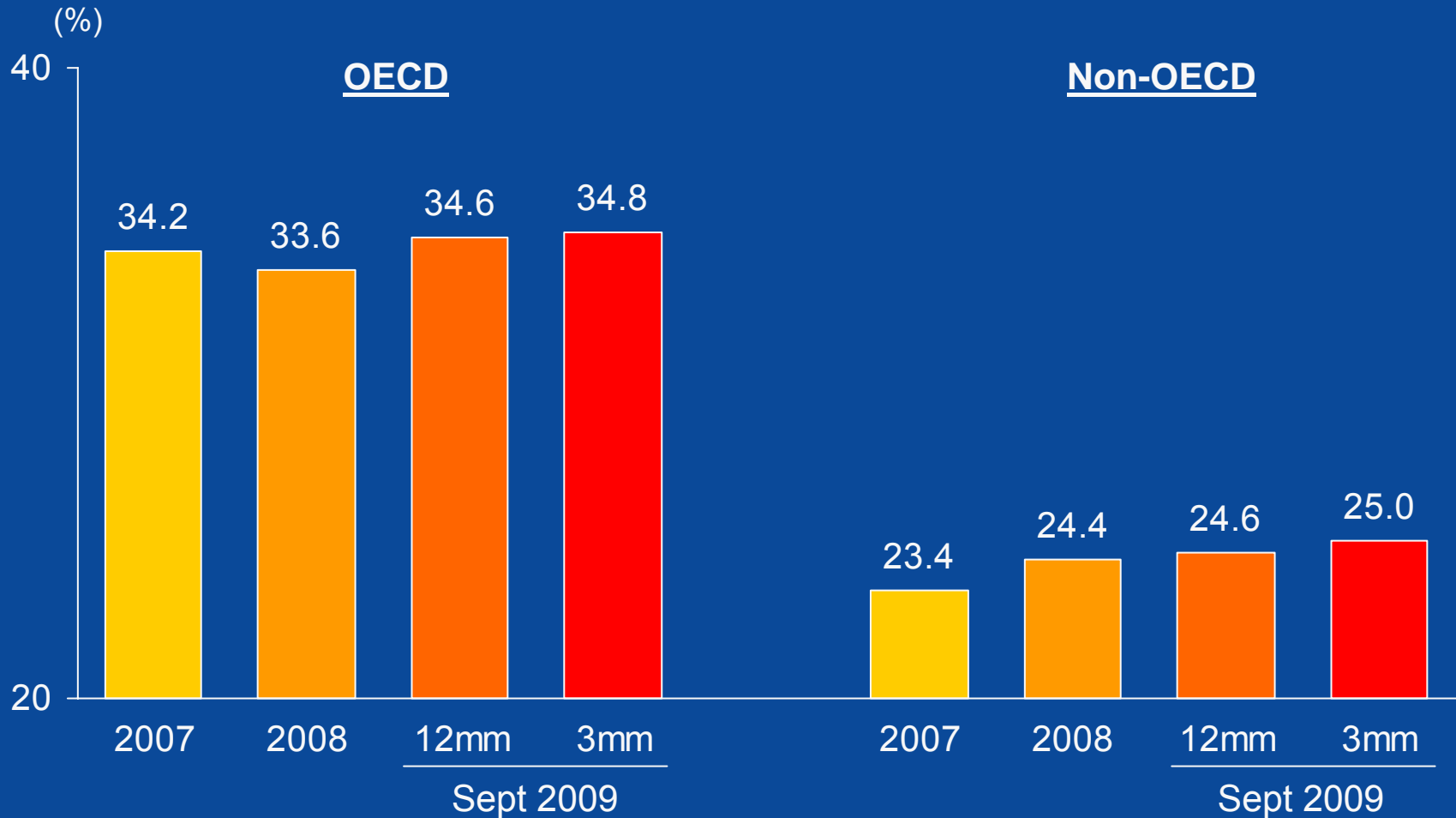
(a) No comparable data for 2004 due to change of service provider

(b) Average growth rate for 2006 through 2009 YTD

Source: A.C. Nielsen, Korea Research Center and PMI estimates



PMI Market Share Development^(a)



(a) YTD Sept 2009 data based on 94 key markets in which PMI operates
Note: Organization for Economic Co-operation and Development (OECD)
Source: PMI estimates

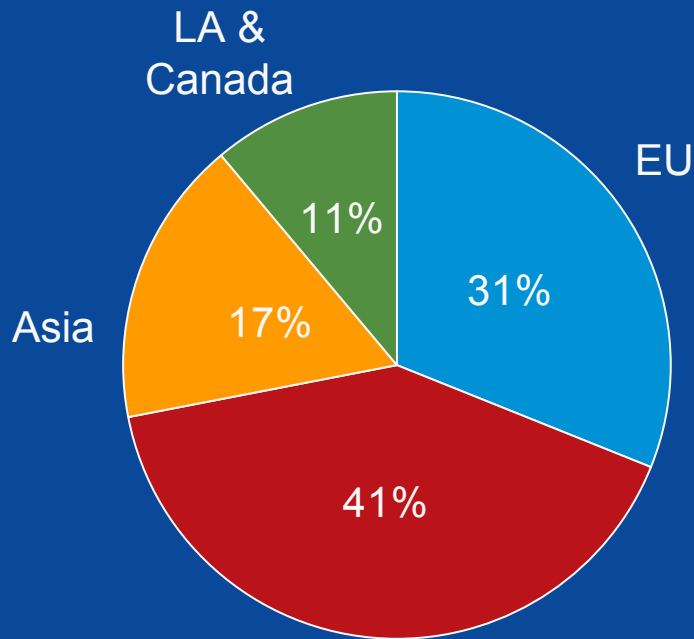


PMI Net Revenue Growth

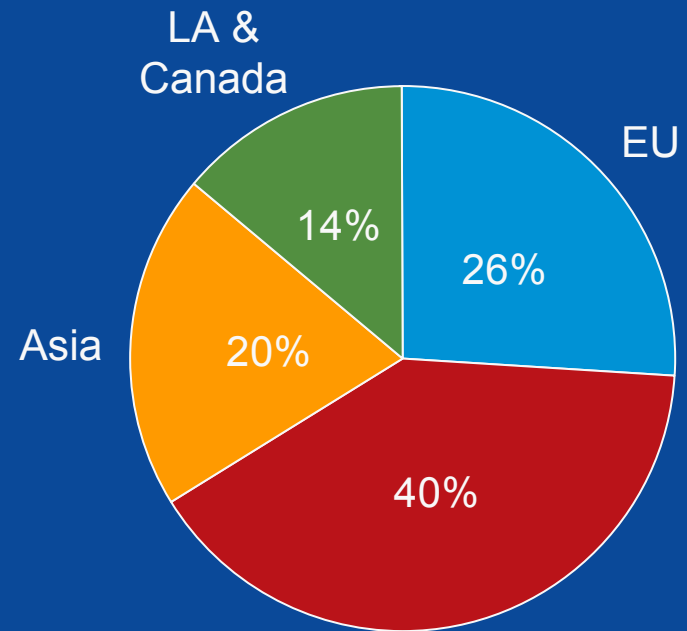
- We believe 1% annual organic volume growth rate remains achievable in mid to long-term
- Prime focus is net revenue growth excluding currency and acquisitions of 4-6%, driven by:
 - pricing
 - product mix
 - geographic mix



PMI Pricing Variance by Region



2008:
\$1.2 billion



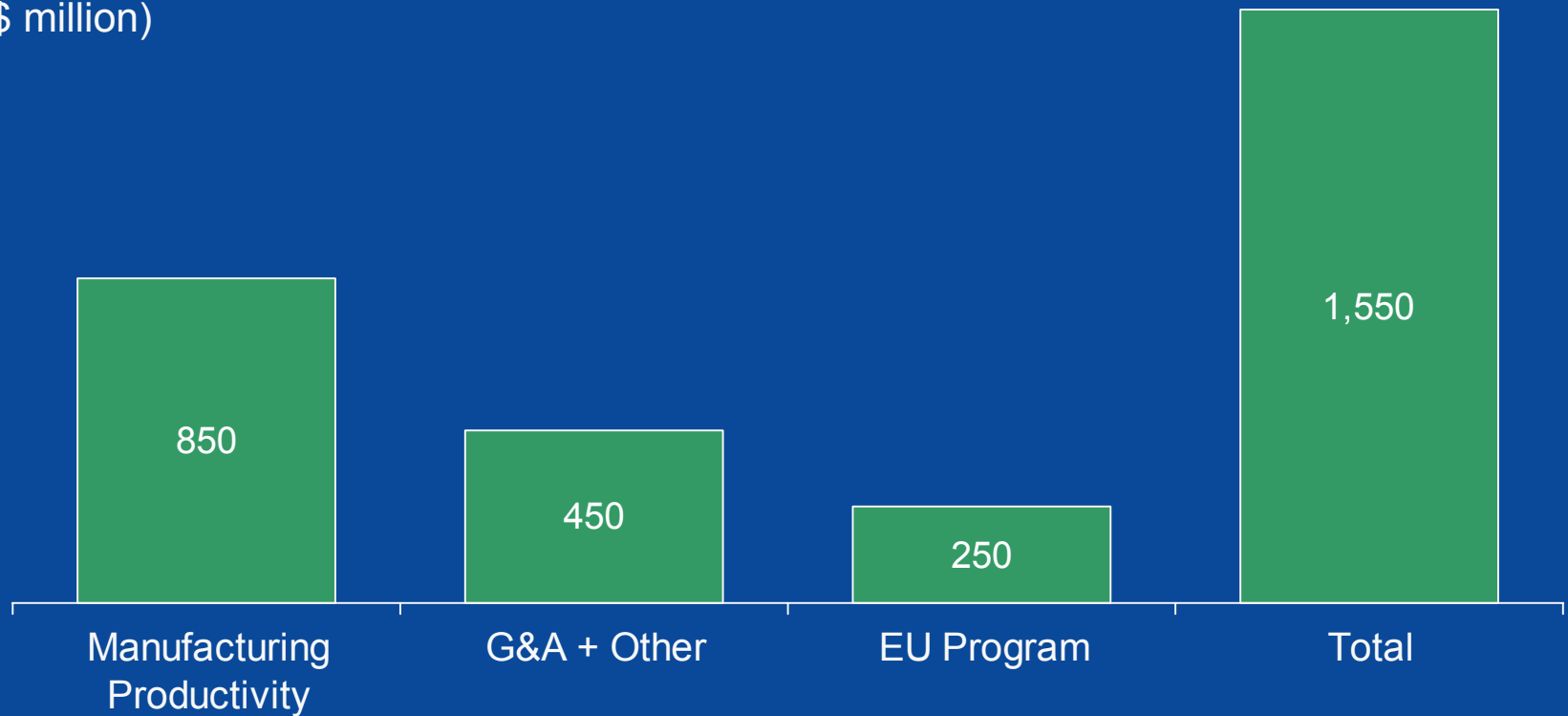
2009 YTD Sept:
\$1.5 billion



Productivity and Cost Savings

Forecast Cumulative Gross Cost Savings (2008-10)

(\$ million)





Strategies for Growth

- Reinforce our position in profitable consumer segments
- Drive growth of our leading brand portfolio through enhanced consumer understanding and innovation
- Expand geographically
- Effectively utilize our strong and growing cash flow to increase shareholder returns
- Pursue opportunities for margin improvement
- Boost organizational effectiveness and generate productivity savings
- Obtain a fair and reasonable regulatory and fiscal environment
- Attract, motivate and retain the best global talent

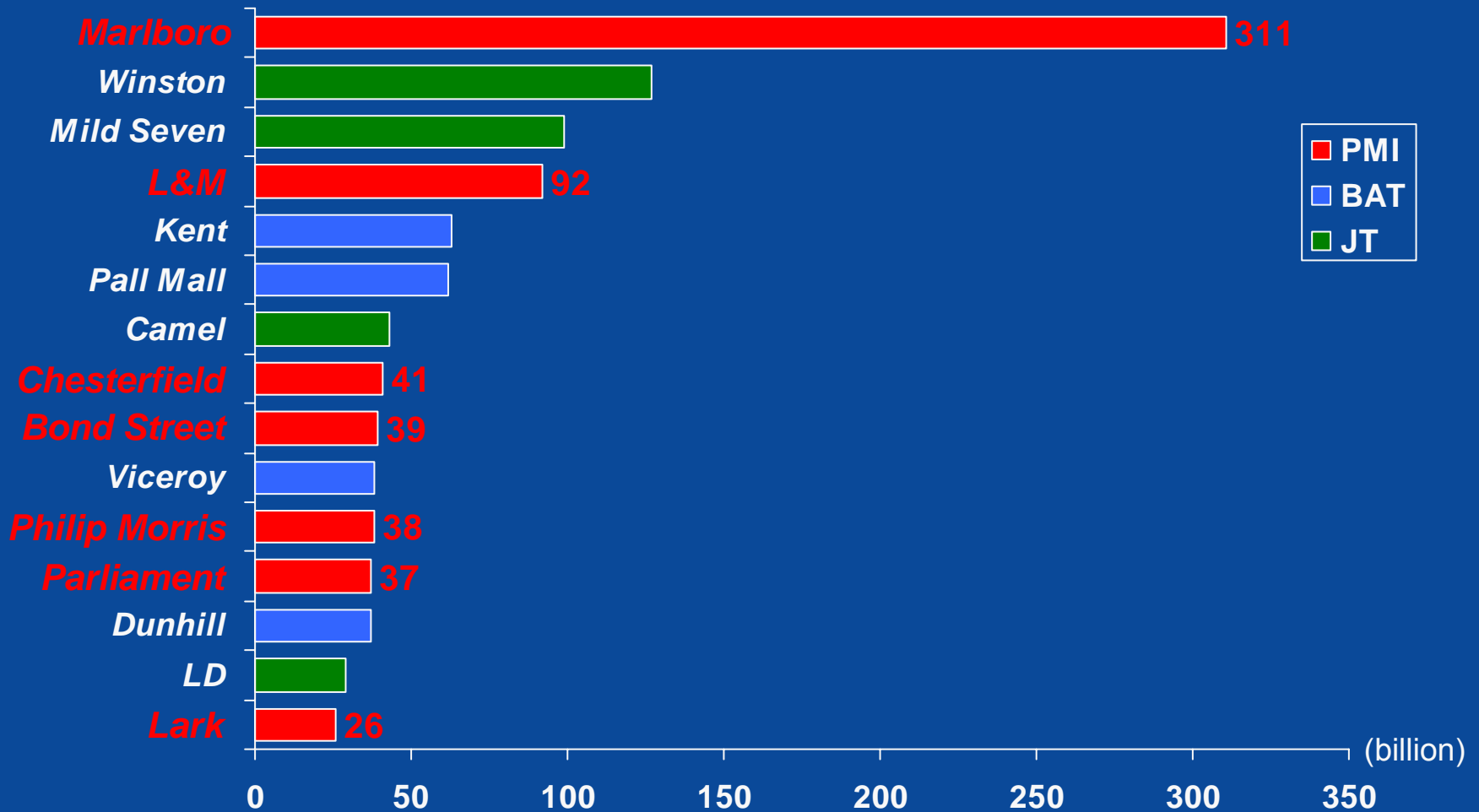


Strategies for Growth

- **Reinforce our position in profitable consumer segments**
- **Drive growth of our leading brand portfolio through enhanced consumer understanding and innovation**
- Expand geographically
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Top 15 International Brands (2008)





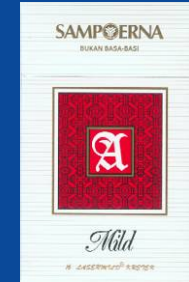
Brand Portfolio

Premium & Above



喫煙は、あなたにとって癌や肺の危険性を高めます。
疫学的な証拠によると、喫煙者は癌や肺病により死する危険性が非喫煙者には比べて約17倍高くなります。
[詳細については、厚生労働省のホームページ www.mhlw.go.jp/philipstobacco/machine/をご覧ください。]

Local Heritage



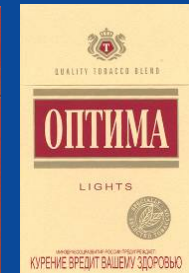
Mid-Price



喫煙は、あなたにとって心筋使用の危険性を高めます。
疫学的な証拠によると、喫煙者は心筋使用により発症する危険性が非喫煙者には比べて約17倍高くなります。
[詳細については、厚生労働省のホームページ www.mhlw.go.jp/philipstobacco/main.htmlをご覧ください。]



Low-Price



Enhanced Consumer Understanding and Innovation

REAL MARLBORO

FLAVOR

NEW 1mg



경고: 흡연은 폐암 등 각종 질병의 원인이 되며, 특히 임산부의 건강을 해롭습니다.

1mg TAR

실제 흡연량은 단량과 니코틴의 양은 흡연자의 흡연양식에 따라 달라질 수 있습니다.

경고: 건강에 해로운 담배, 일단 흡연하게 되면 끊기가 매우 어렵습니다. 담배연기에는 발암성 물질인 나프탈아민, 니켈, 벤젠, 비닐 크롤라이드, 비스, 카드뮴이 들어있습니다.

[re-designed]

[imagine]

[GOLD] now. ^

[refined]



W A R N I N G T O B E P L A C E D H E R E

NEW

BLUE FRESH

COOLING TASTE SENSATION



W A R N I N G T O B E P L A C E D H E R E

EXPLORE FRESH



Marlboro Architecture

Red



“Flavor enjoyment”

Gold



“Smooth taste and style”

Fresh



“Fresh taste sensations”

Marlboro Red Line

FREEDOM TO ENJOY 



W A R N I N G T O B E P L A C E D H E R E

MÊME CIGARETTE

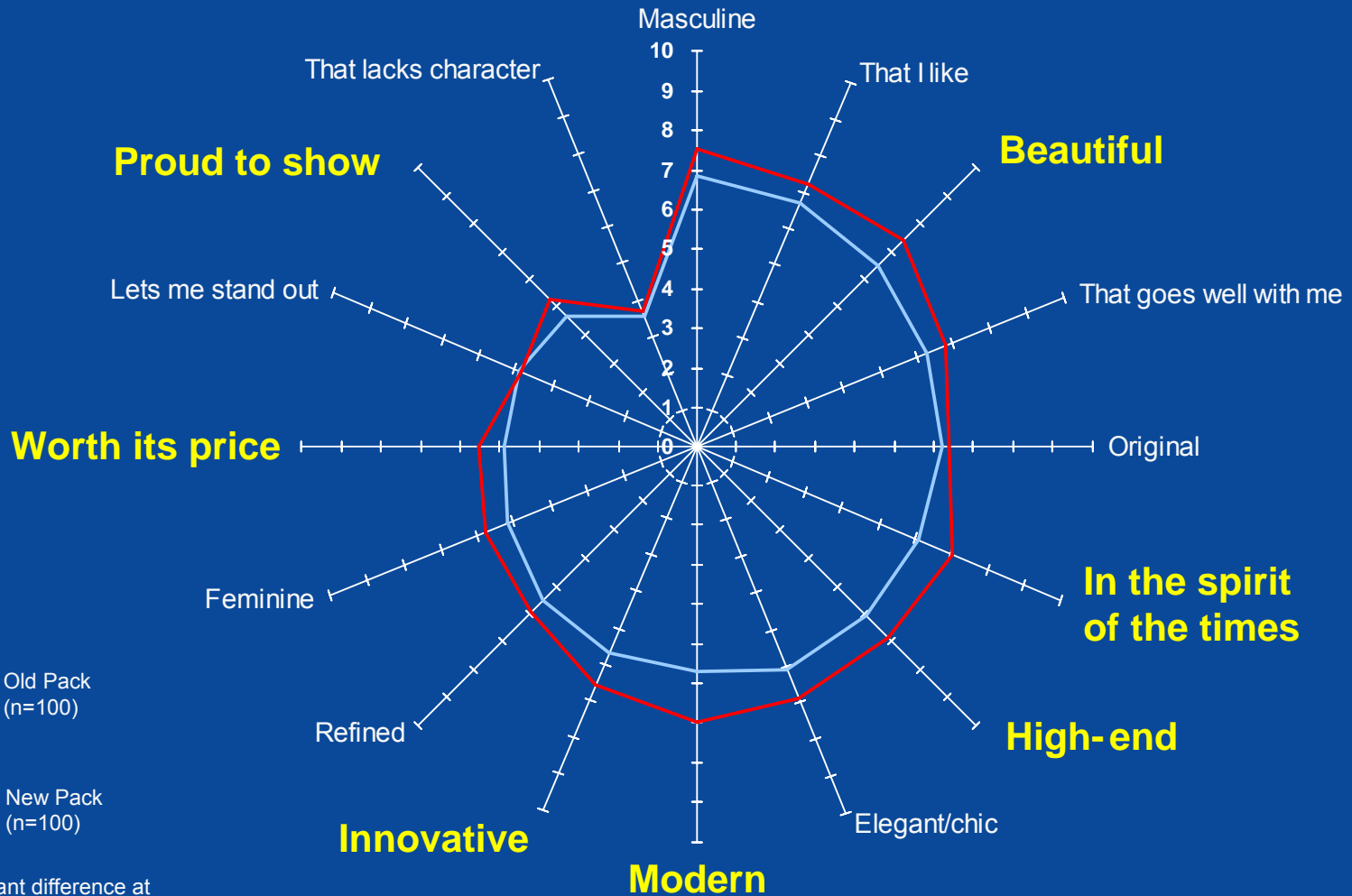


LA LA RÉFÉRENCE  *LE GOÛT*

W A R N I N G T O B E P L A C E D H E R E



New *Marlboro Red Pack* Perception - France



DESIGNED FOR FLAVOR

Marlboro
FLAVOR PLUS



The amount of tar you inhale will vary depending on how you smoke the cigarette.

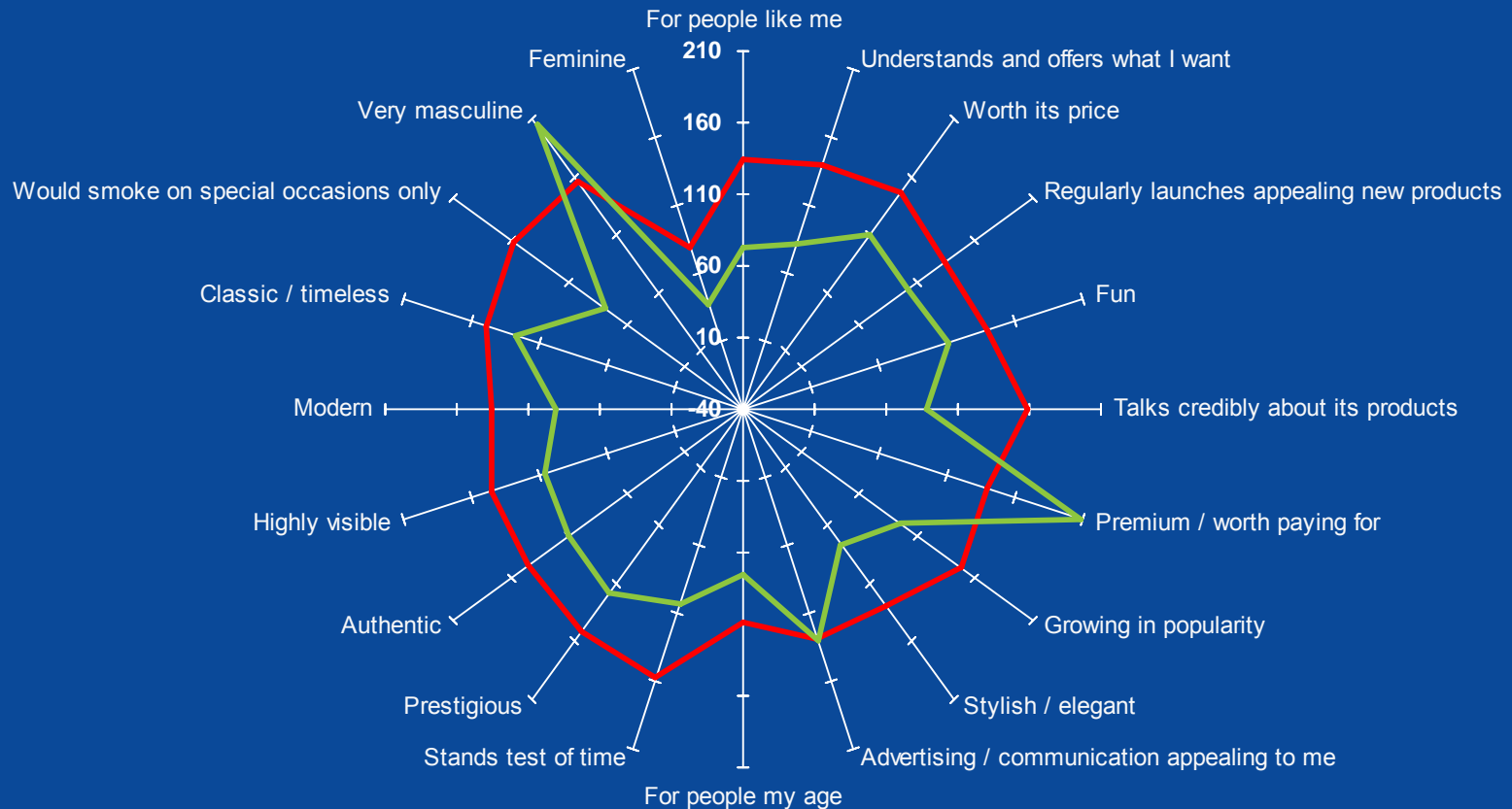
HEALTH WARNING TO BE PLACED HERE.



Marlboro Red Perception - Romania

2008 vs. 2007 LA - 24

— 2007 — 2008



Note: LA stands for Legal Age (min 18). An index of 100 is equal to the average score obtained across all brands for the item
Source: Strategic Group Research Consulting, market research in Romania

Marlboro Gold Line



[GOLD] now. 

GOLD now. 

style that fits.



W A R N I N G T O B E P L A C E D H E R E



A WORLD OF FRESH TASTE

EXPLORE FRESH 

W A R N I N G T O B E P L A C E D H E R E



NEW SILVER MINT
UNIQUE COOL MENTHOL STRIPE

EXPLORE FRESH 

W A R N I N G T O B E P L A C E D H E R E



NEW MARLBORO ICE XPRESS
CRUSH THE CAPSULE
TO CHANGE THE TASTE

EXPLORE FRESH 

W A R N I N G T O B E P L A C E D H E R E



MEROKOK DAPAT MENYEBABKAN KANKER, SERANGAN JANTUNG, IMPOTENSI DAN GANGGUAN KEHAMILAN DAN JANIN

Marlboro Innovation

ВПЕРВЫЕ+

НОВЫЕ
ФИЛЬТР | ПЛЮС



УНИКАЛЬНЫЙ ФИЛЬТР
ИСКЛЮЧИТЕЛЬНЫЙ ВКУС
СОВРЕМЕННЫЙ ДИЗАЙН
СОВЕРШЕННАЯ ФОРМА УДОВОЛЬСТВИЯ.

ШЫЛЫМ ШЕГУ СІЗДІҢ ДЕНСАУЛЫҒЫҢЫЗҒА ӨТЕ ЗИЯНДЫ.
КУРЕНИЕ СЕРЬЕЗНО ВРЕДИТ ВАШЕМУ ЗДОРОВЬЮ.

new shape, sleeker feel, smoother taste.

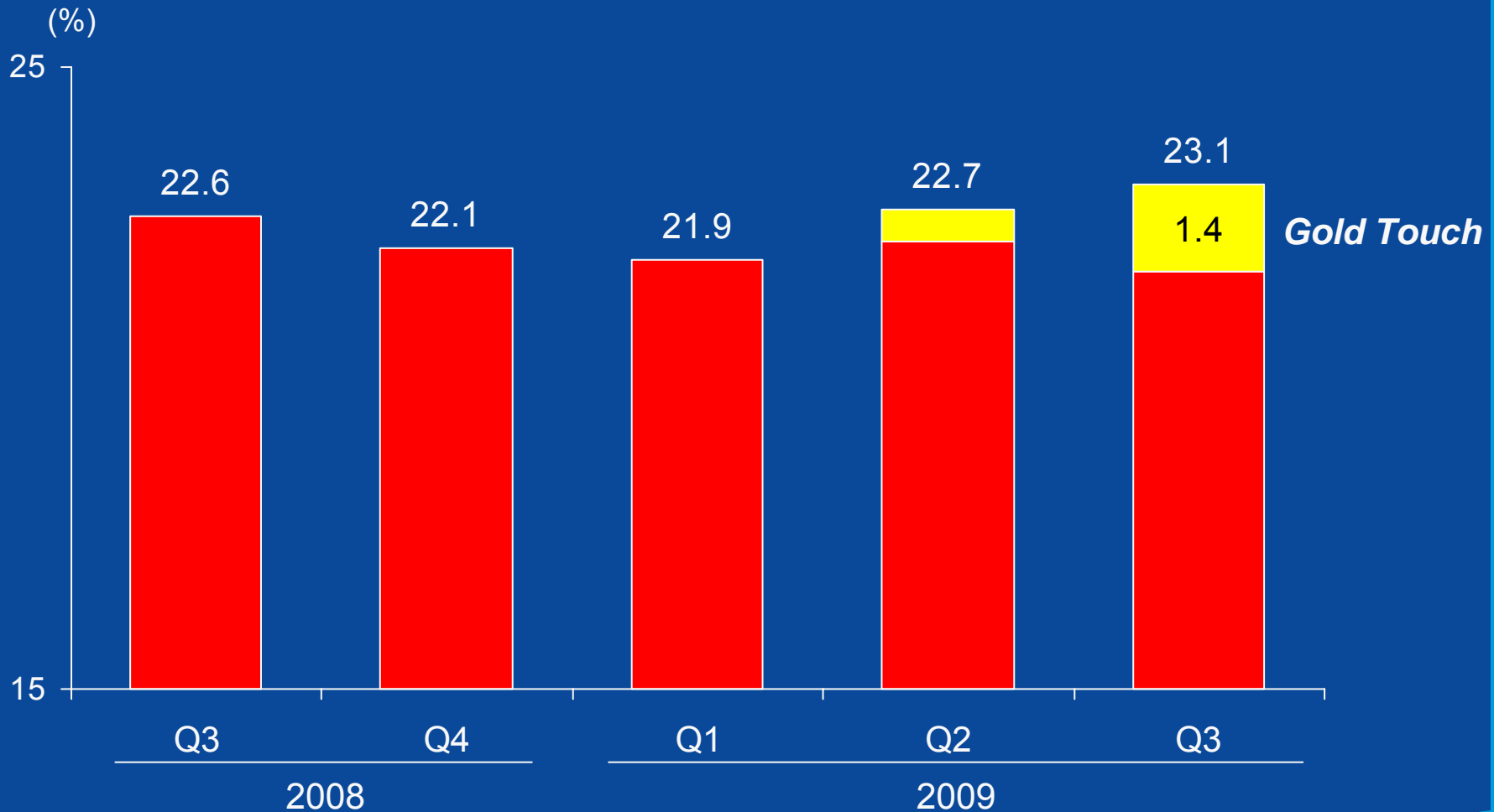
[GOLD] TOUCH 
the new dimension in 20's.



W A R N I N G T O B E P L A C E D H E R E

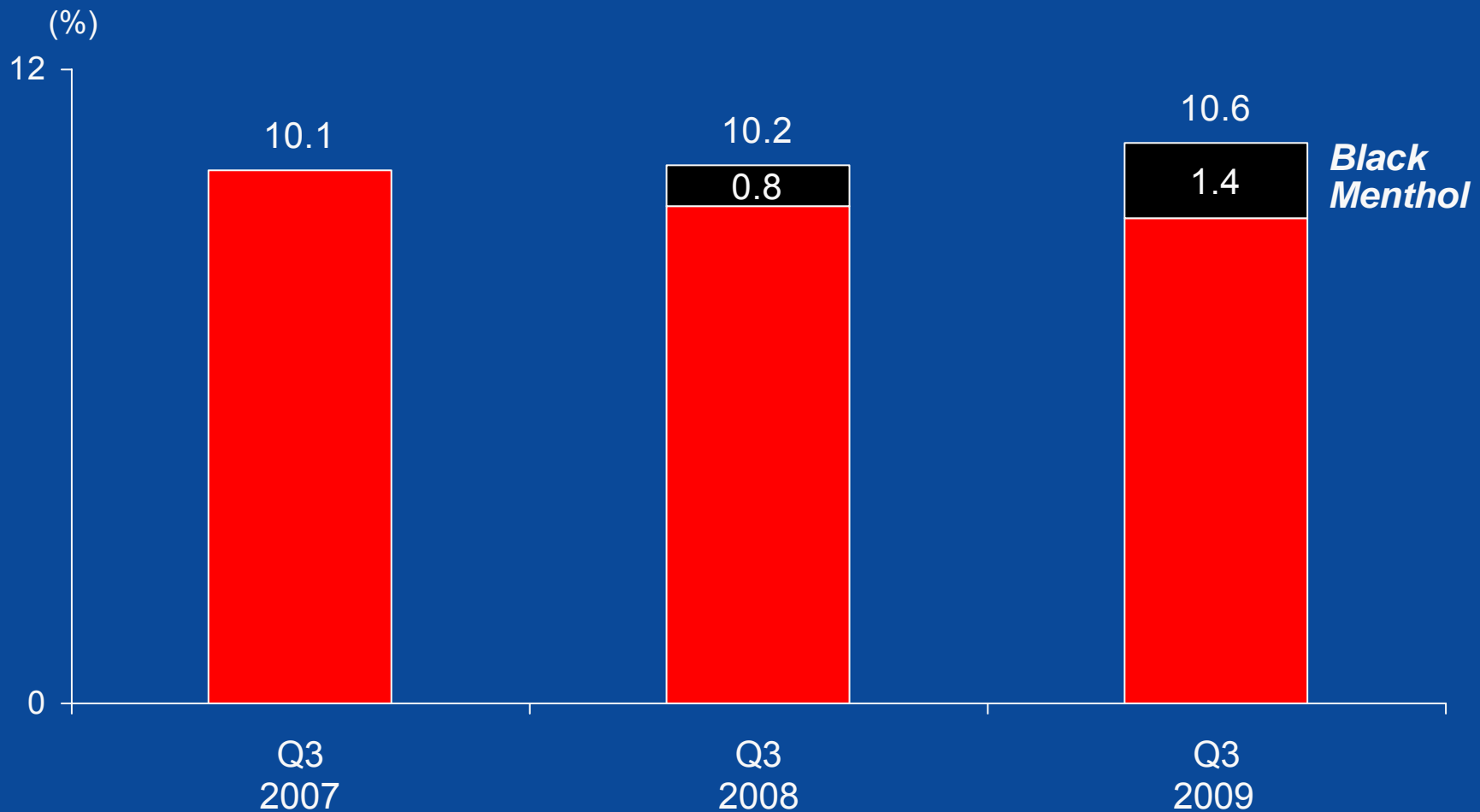


Marlboro Market Share – Italy



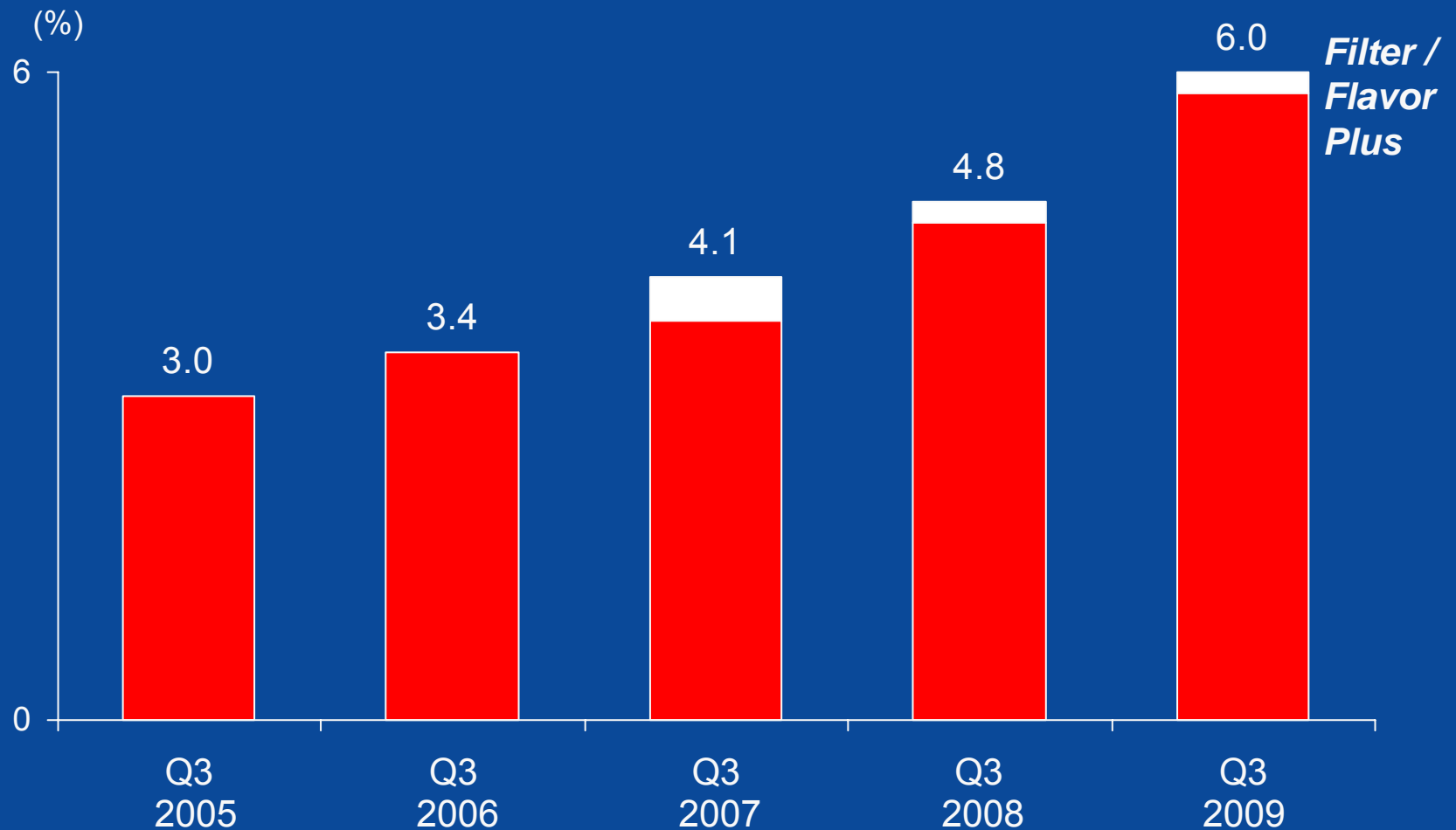


Marlboro Market Share – Japan



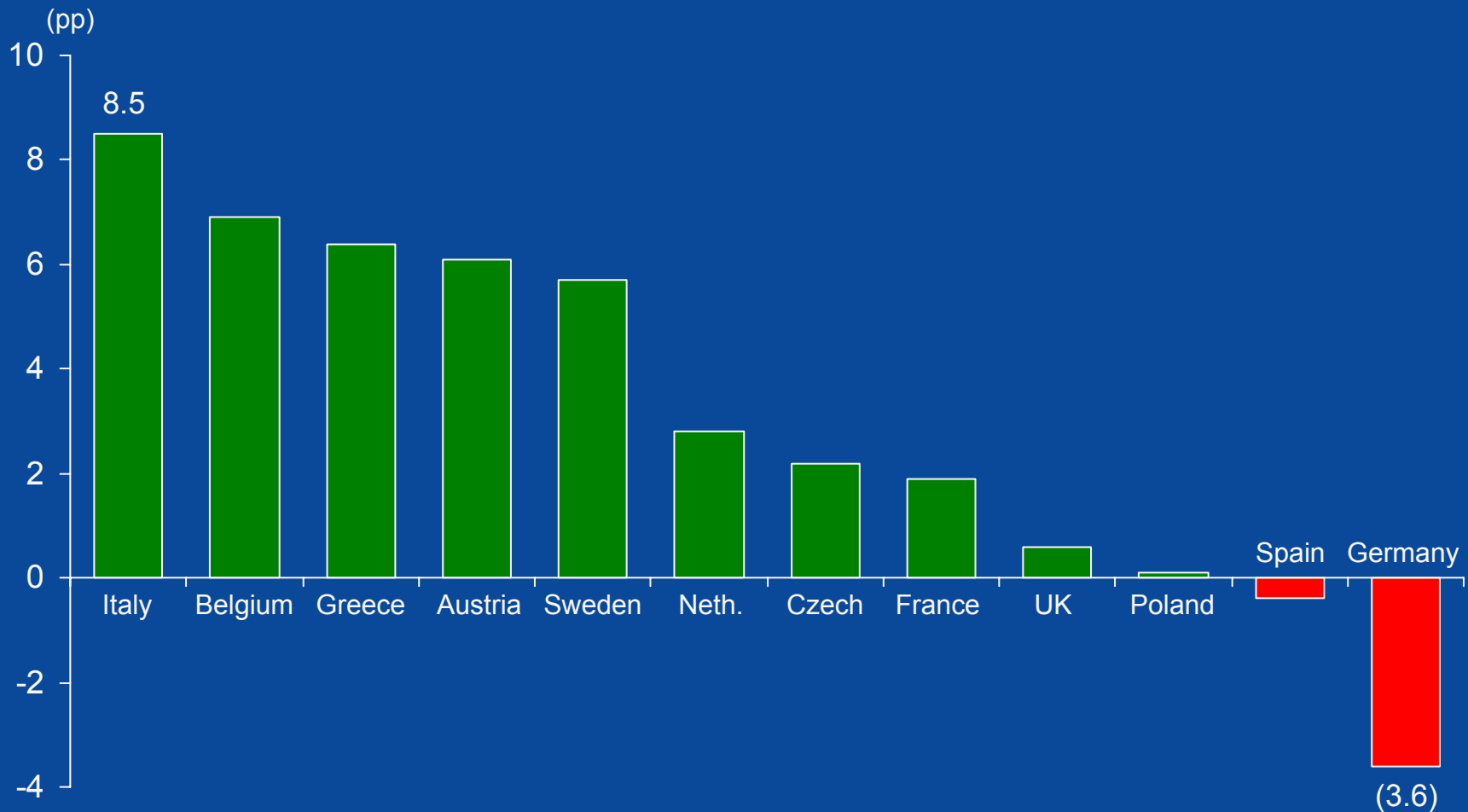


Marlboro Market Share – Korea





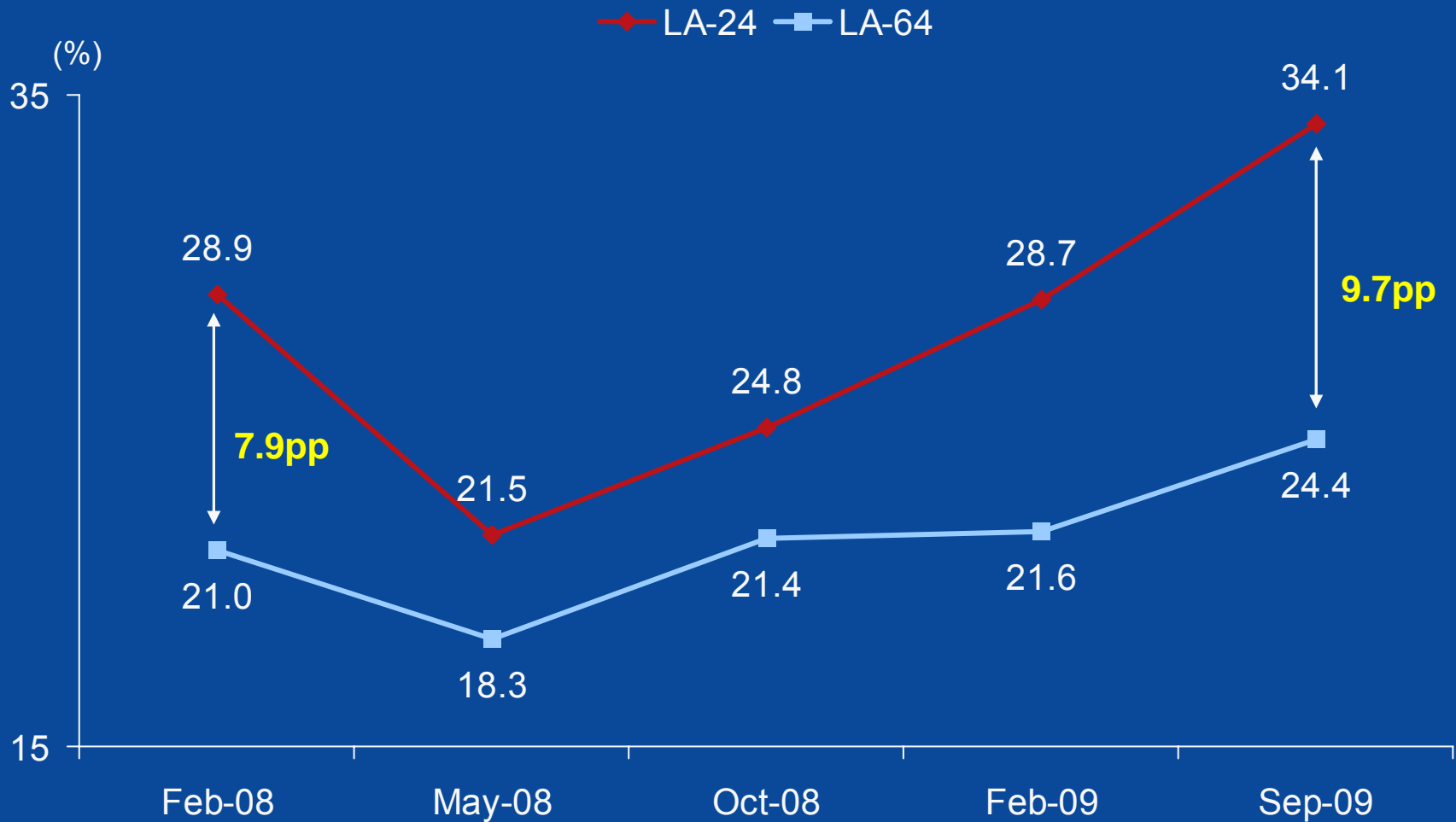
Marlboro Smoker Share – EU Region (Difference LA-24 vs. LA-64)



Note: LA stands for Legal Age (min 18). All data are 2009 preliminary, except Italy, Poland and Spain, which are 2008 data
Source: PMI Market Research (General Consumer Tracking Survey)



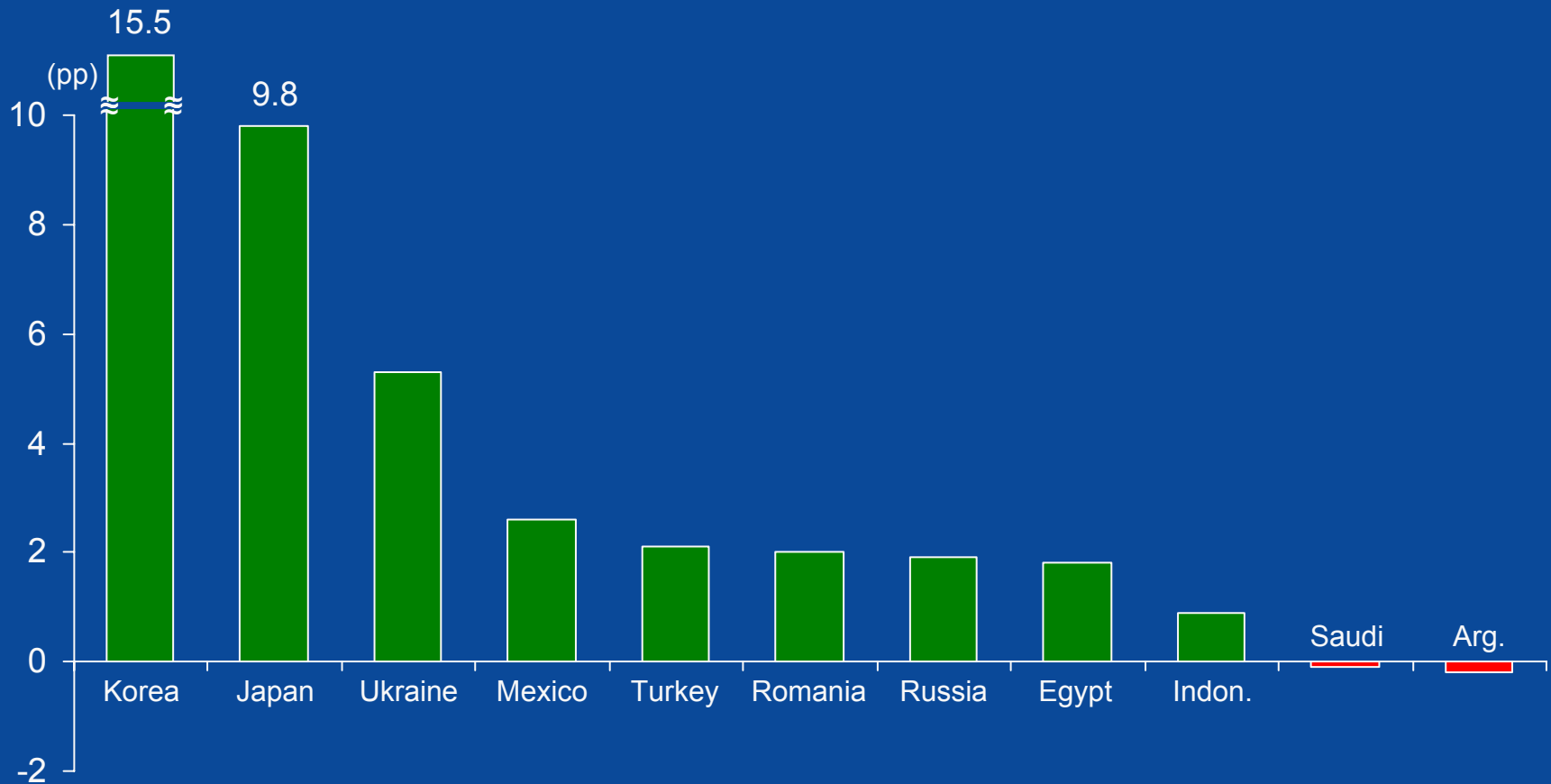
Marlboro Smoker Share – Portugal




Note: LA stands for Legal Age (min 18)
Source: PMI Market Research (General Consumer Tracking Survey)



Marlboro Smoker Share – Other Regions (Difference LA-24 vs. LA-64)



Note: LA stands for Legal Age (min 18). All data are 2009 preliminary, except Egypt, Romania, Russia, Saudi Arabia and Ukraine, which are 2008 data. Source: PMI Market Research (General Consumer Tracking Survey)



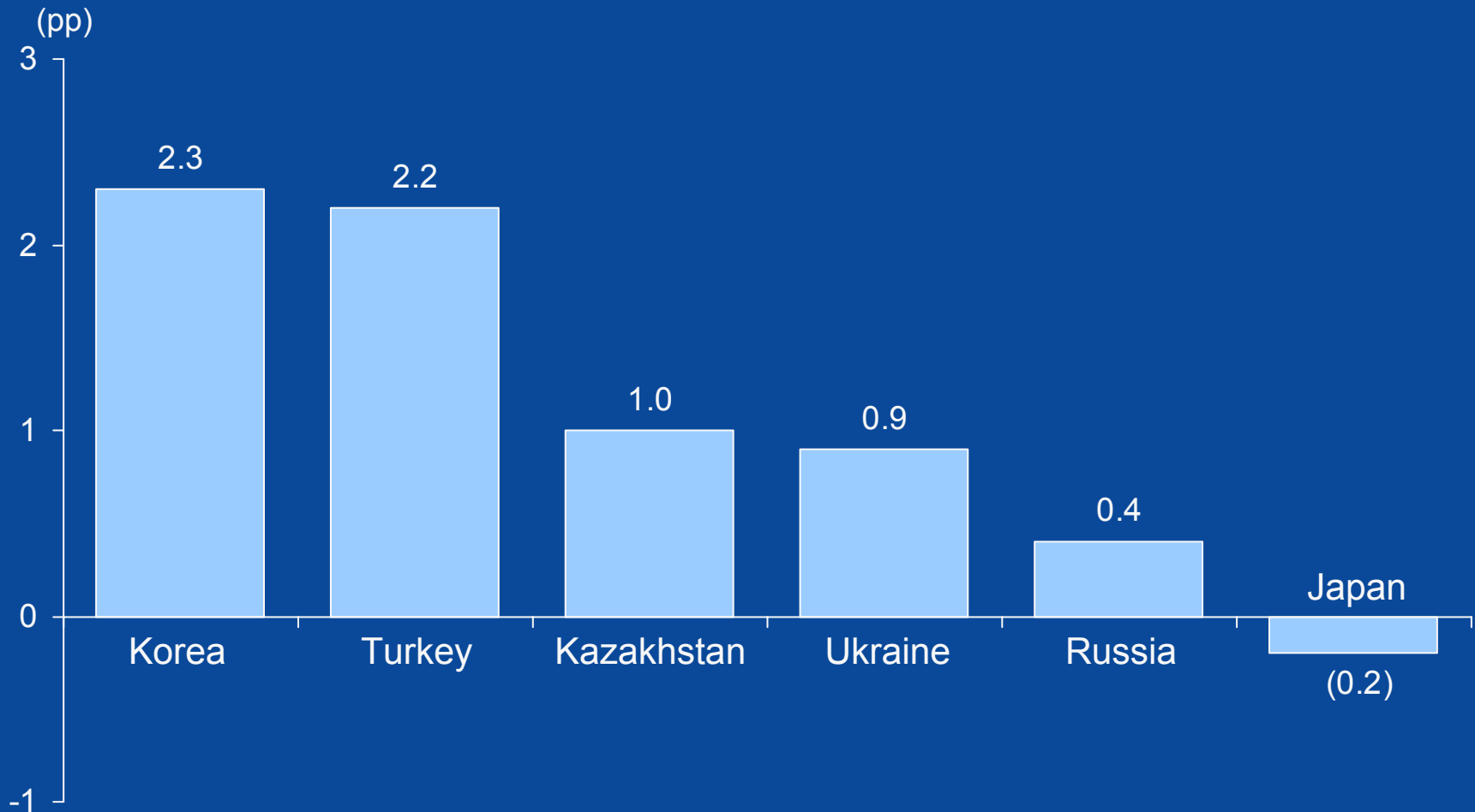
Поддайтесь ощущениям ночи

пробуждая ощущения
PARLIAM

МИНЗДРАВСОЦРАЗВИТИЯ РОССИИ ПРЕДУПРЕЖДАЕТ: КУРЕНИЕ ВРЕДИТ ВАШЕМУ ЗДОРОВЬЮ



Parliament Share Variances (Q3, 2009 vs. Q3, 2007)



1mg Segment

NEW 1mg
Marlboro
Uniquely Smooth. Absolutely Gold.

إلى كشبة العطاران والنيكوتين بأقل أكسيد الكربون التي تستنشقها تعتمد على طريقة في تدخين السجائر.
The amount of tar, nicotine and carbon monoxide you inhale will vary depending on how you smoke the cigarette.

تحذير صحي: التدخين سبب رئيسي لسرطان وأمراض الرئة وأمراض القلب والشرايين. Health Warning: Smoking is a main cause of lung cancer, lung diseases and of heart and arteries diseases.

PARLIAMENT
One
RECESSED FILTER
1 mg
CHARCOAL

경고: 흡연은 청소년에게 판매 금지
당신 자녀의 건강을 해칩니다.
담배연기에는 발암성 물질인 나프
탈아민, 니켈, 벤젠, 비닐 크롤라이드,
비스, 카드뮴이 들어있습니다.

NEW 1mg
Marlboro

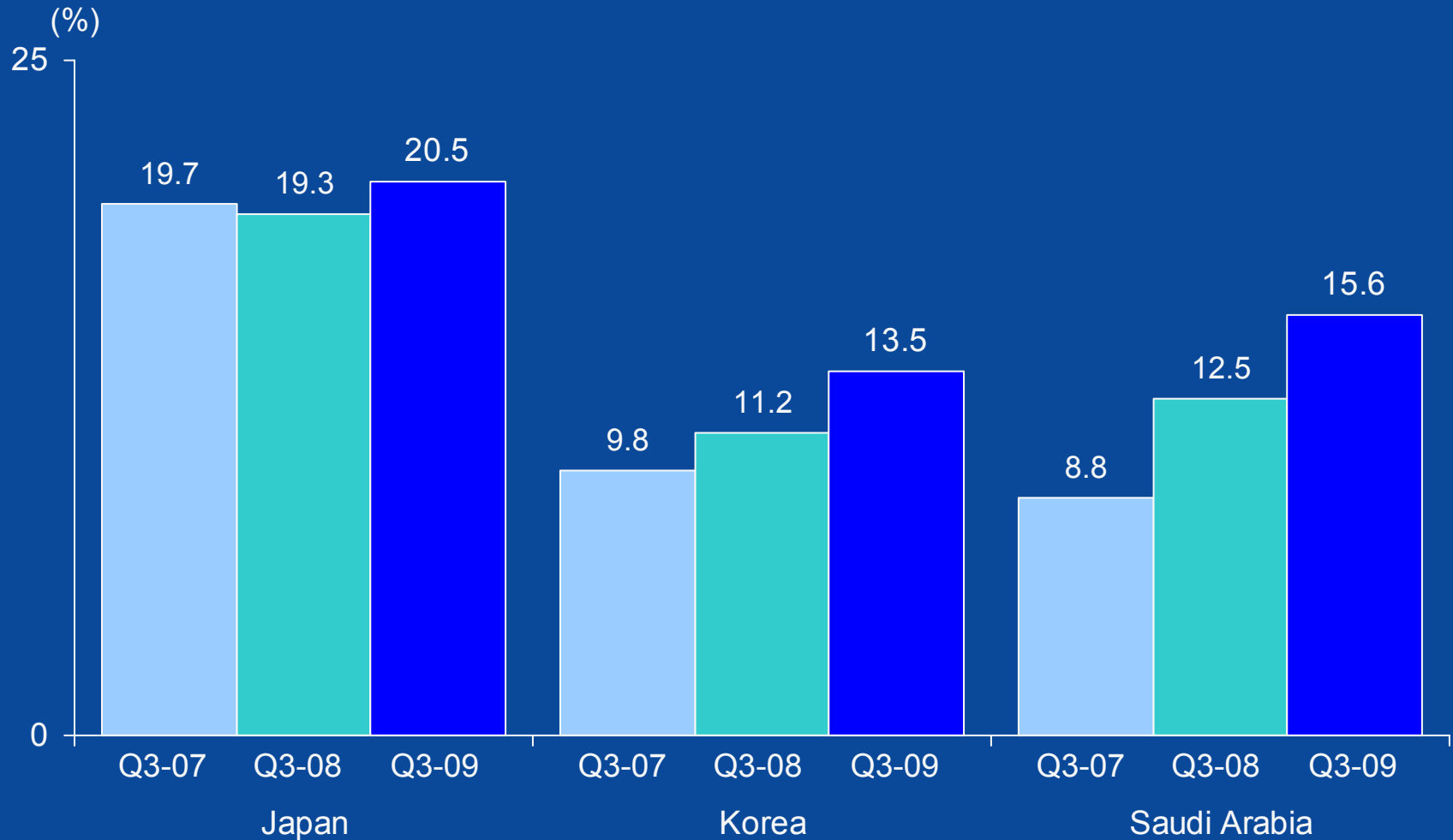
喫煙は、あなたにとって肺がんの原因の一つとなり、心筋梗塞・脳卒中の危険性や肺炎腫を悪化させる危険性を高めます。
未成年者の喫煙は、健康に対する悪影響やたばこへの依存をより強めます。周りの人から勧められても決して吸ってはいけません。
人により程度は異なりますが、ニコチンにより喫煙への依存が生じます。

VIRGINIA SLIMS 1mg
황금빛 담배잎, 황금빛 은은함

경고: 흡연은 폐암 등 각종 질병의 원인이 되며, 특히 임신부와 청소년의 건강에 해롭습니다.



PMI 1mg Segment Shares





L&M



Old Line-up



New Line-up



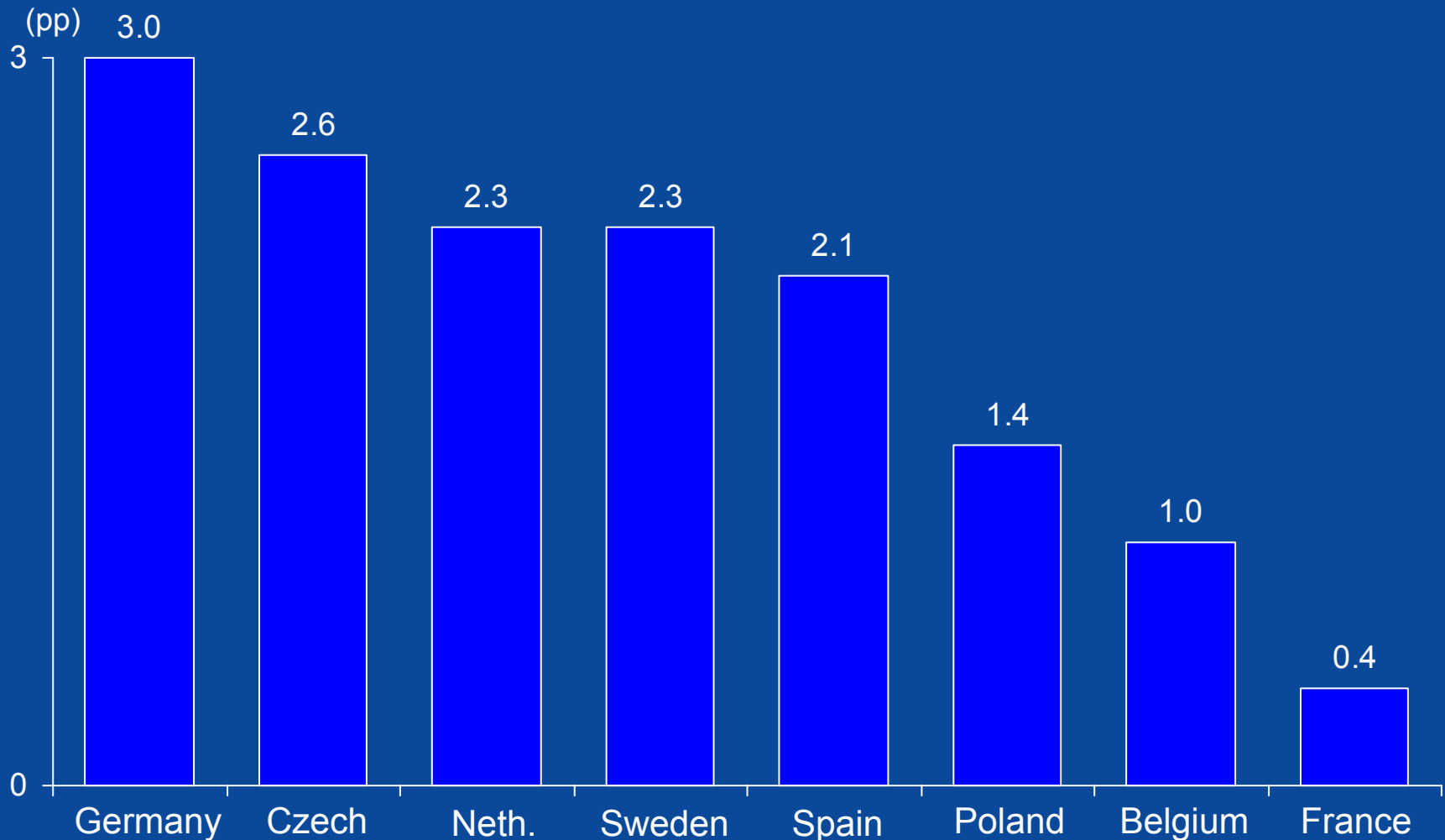
WARNING TO BE PLACED HERE



El fumar es perjudicial para la salud



L&M Market Share Variances – EU Region (Q3, 2009 vs. Q3, 2007)





metr **L&M** pulse
the beat of now



NOW 19 CIGARETTES

€ 4,25

Die Menge an Teer, Nikotin und Kohlenmonoxid, die Sie inhalieren, variiert, je nachdem, wie Sie Ihre Zigarette rauchen.

Rauchen kann tödlich sein. Der Rauch einer Zigarette enthält: L&M Red Label 10 mg Teer, 0,8 mg Nikotin und 10 mg Kohlenmonoxid, L&M Blue Label 6 mg T, 0,5 mg N und 7 mg CO. (Durchschnittswerte nach ISO)

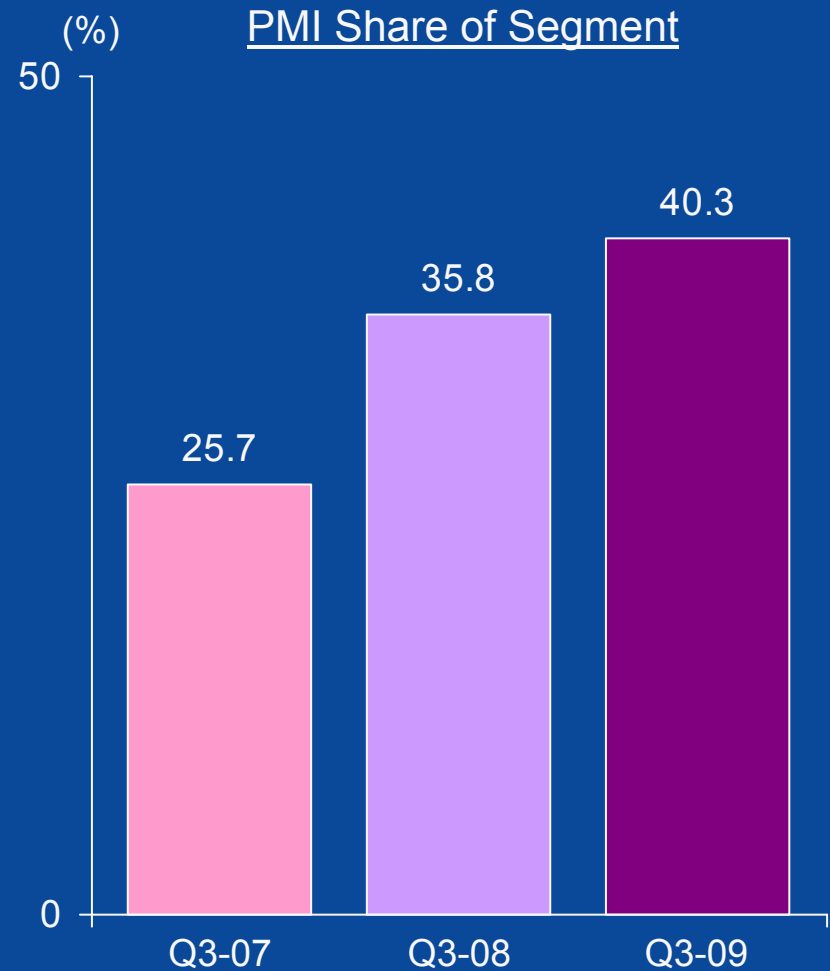
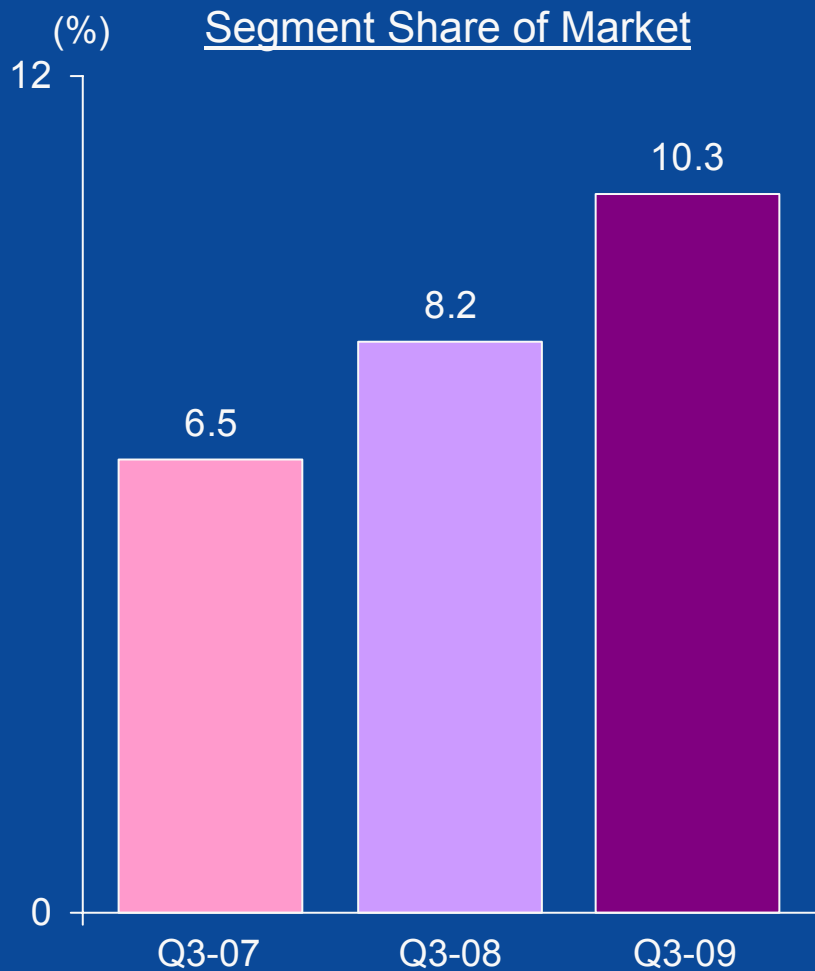
L&M Link (super-slims)



**Palenie poważnie szkodzi Tobie
i osobom w Twoim otoczeniu**



Super-Slims Segment – Poland



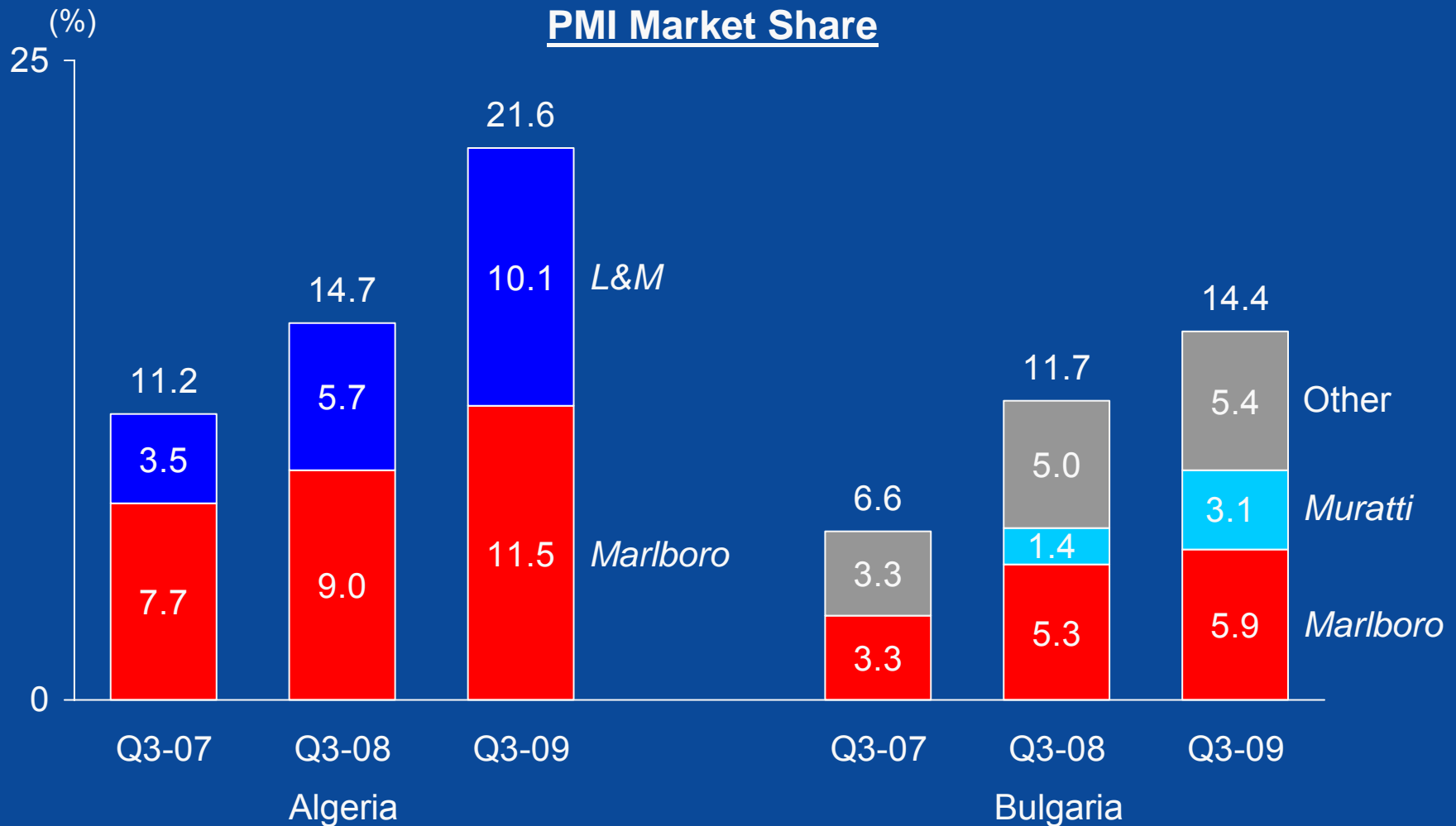


Strategies for Growth

- Reinforce our position in profitable consumer segments
- Drive growth of our leading brand portfolio through enhanced consumer understanding and innovation
- **Expand geographically**
- Effectively utilize our strong and growing cash flow to increase shareholder returns
- Pursue opportunities for margin improvement
- Boost organizational effectiveness and generate productivity savings
- Obtain a fair and reasonable regulatory and fiscal environment
- Attract, motivate and retain the best global talent



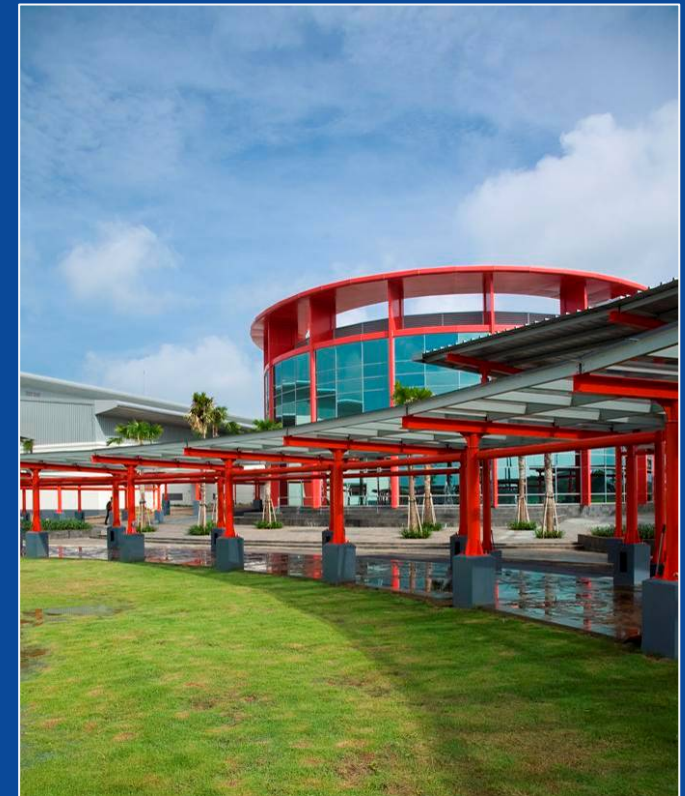
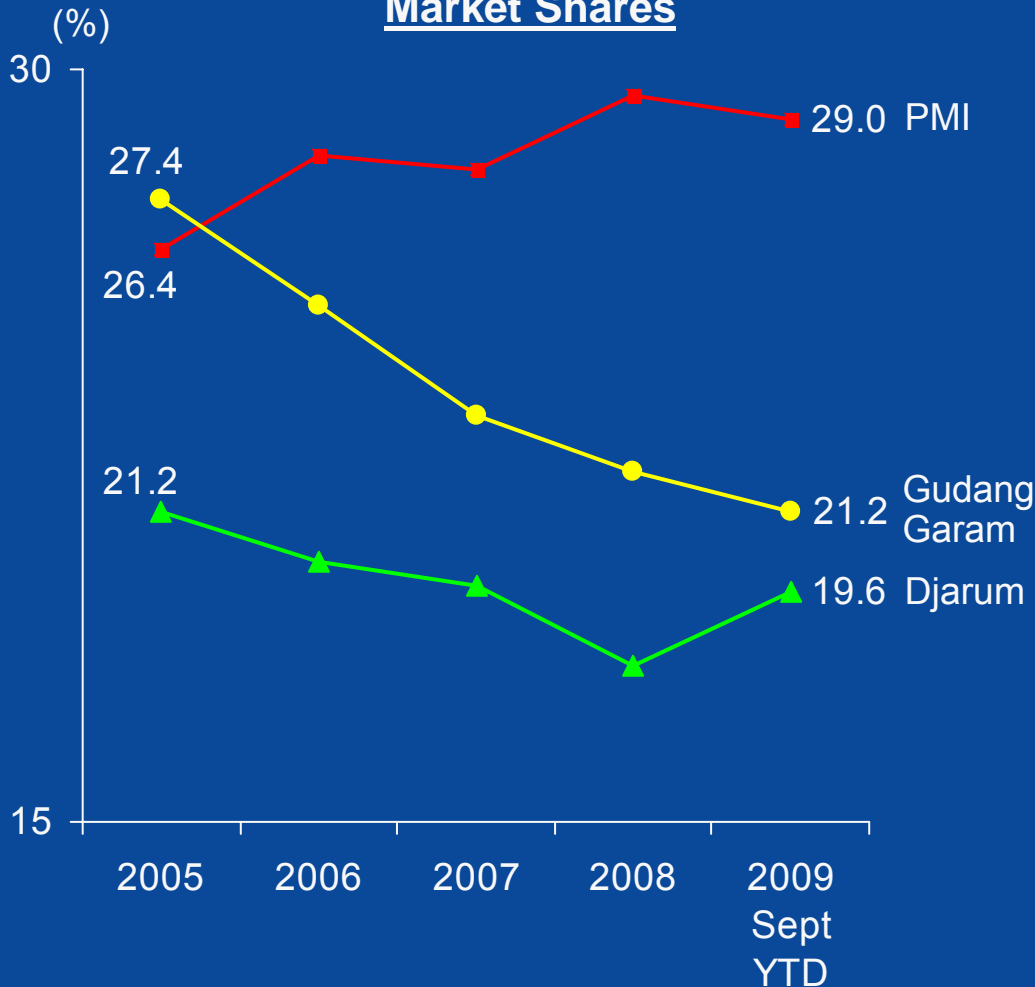
Organic Market Entry and Expansion





Acquisitions – Indonesia

Market Shares





Acquisitions - Canada

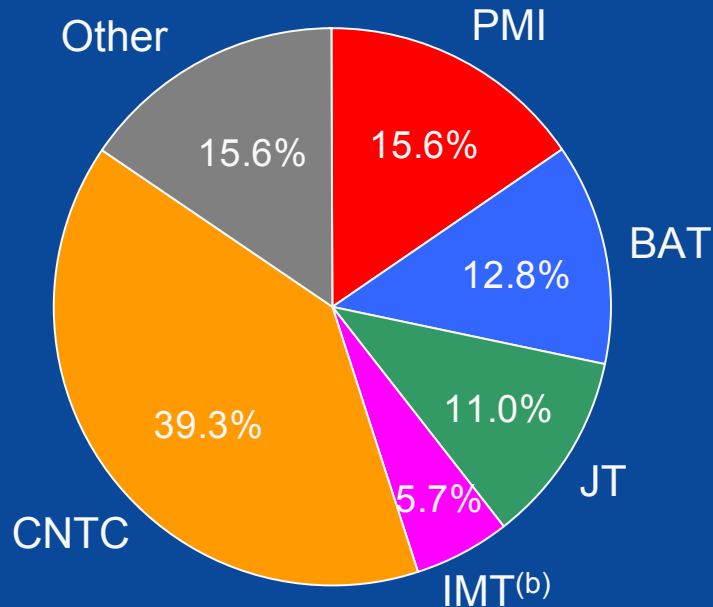
- Rothmans Inc.
- PMI purchased 60% not owned for \$1.9 billion
- Market size: 28.6 billion in 2008
1.6% growth YTD Sept
- PMI market share: 33.4% in 2008
0.5 pp share growth YTD Sept



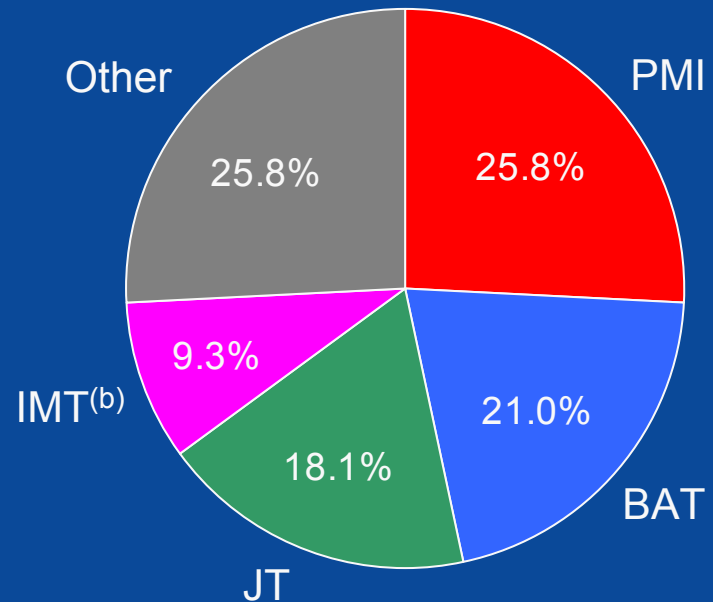


Competitive Landscape (2008)^(a)

Market Shares excl. USA and duty-free



Market Shares excl. China, USA and duty-free



(a) Volumes are on a calendar basis, except for IMT, which reports on a fiscal year ending September.

(b) Impact of 3.8 months of Altadis volume has been added and U.S. volume has been excluded to determine full year share.

Source: Company reports and PMI estimates



Geographic Expansion

- **India: launch of locally manufactured *Marlboro* through a PMI controlled joint-venture**
- **South Africa: acquisition of business that has close to 30% of tobacco market**



China

- **Nearly 40% of the world cigarette market excluding the USA and duty-free**
- **PMI has license agreement for production and sale of *Marlboro* and joint-venture for international markets**
- **China National Tobacco Corporation the key partner**
- ***Marlboro* sales remain modest but are increasing**
- **International joint-venture brands performing well**
- **Tremendous long-term potential**

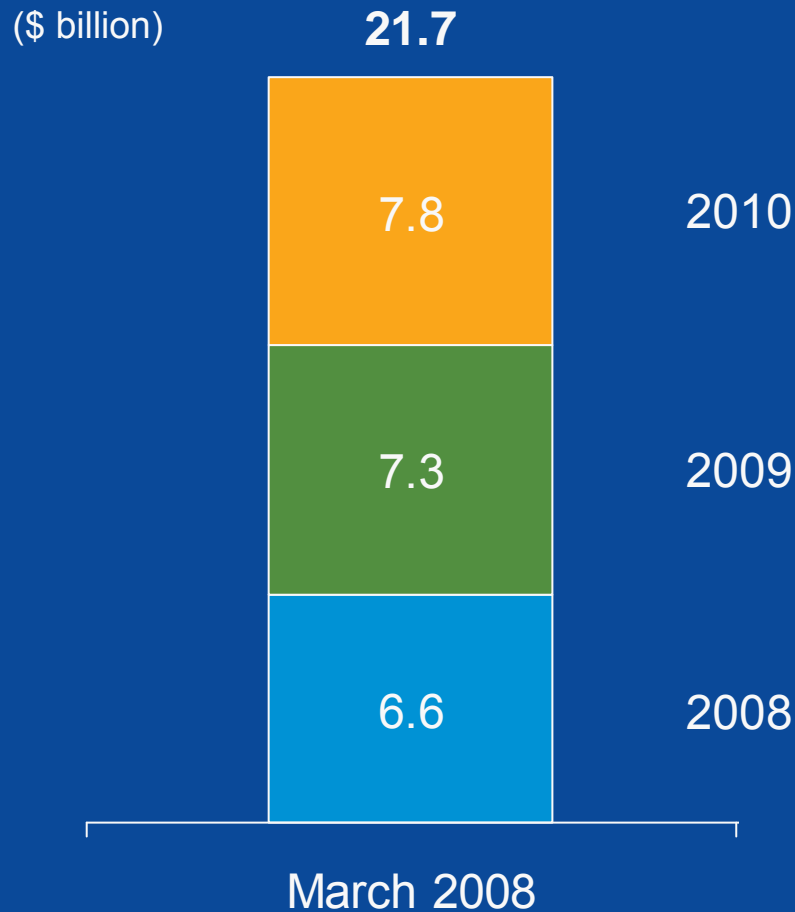


Strategies for Growth

- Reinforce our position in profitable consumer segments
- Drive growth of our leading brand portfolio through enhanced consumer understanding and innovation
- Expand geographically
- **Effectively utilize our strong and growing cash flow to increase shareholder returns**
- Pursue opportunities for margin improvement
- Boost organizational effectiveness and generate productivity savings
- Obtain a fair and reasonable regulatory and fiscal environment
- Attract, motivate and retain the best global talent



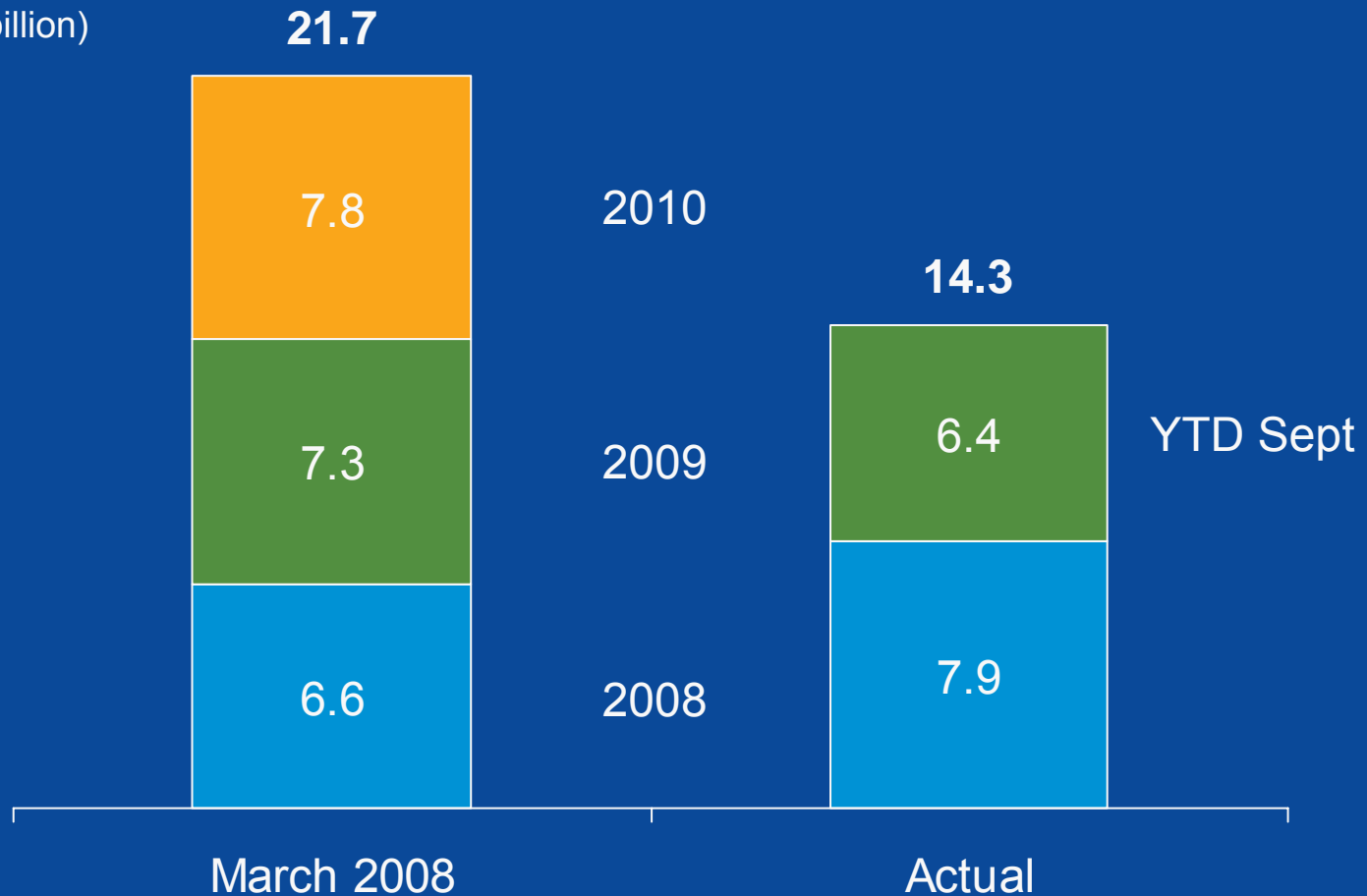
Cumulative Operating Cash Flow (2008-2010)





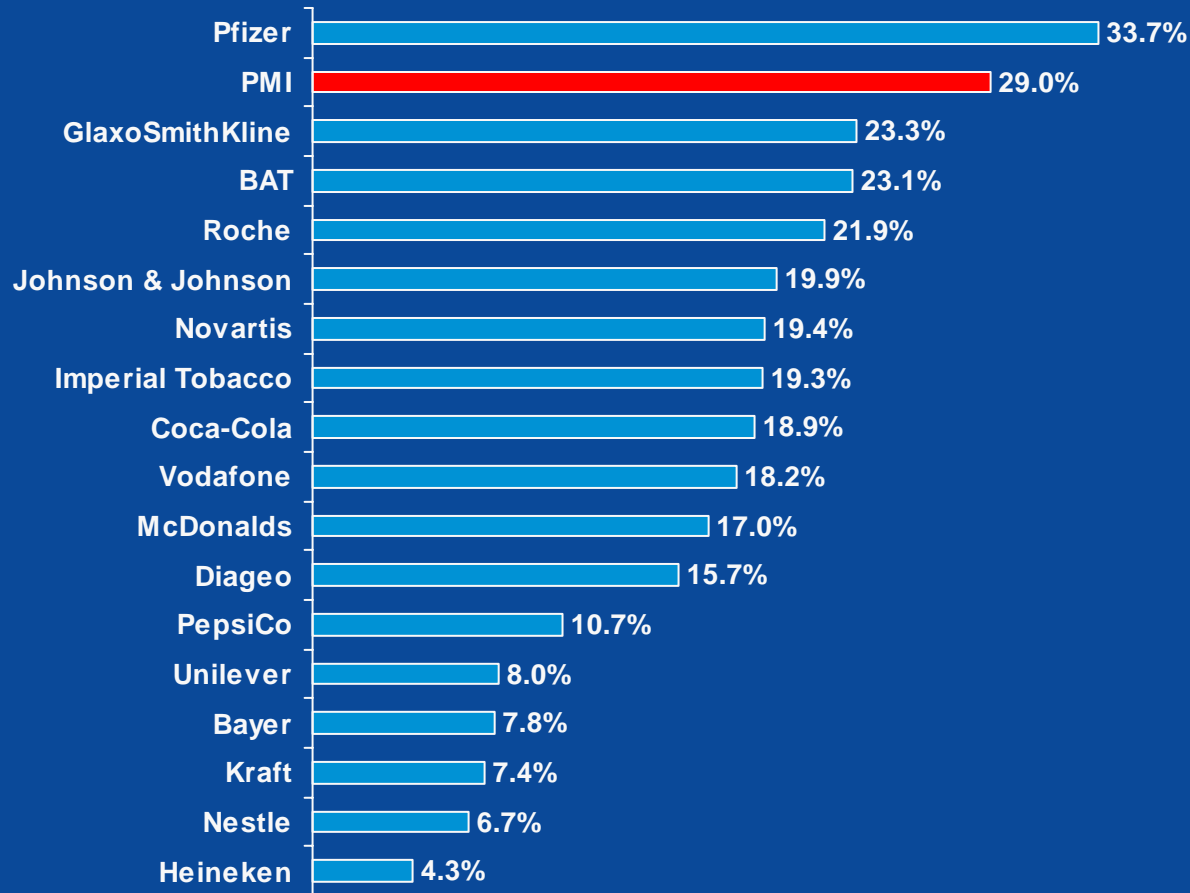
Cumulative Operating Cash Flow (2008-2010)

(\$ billion)





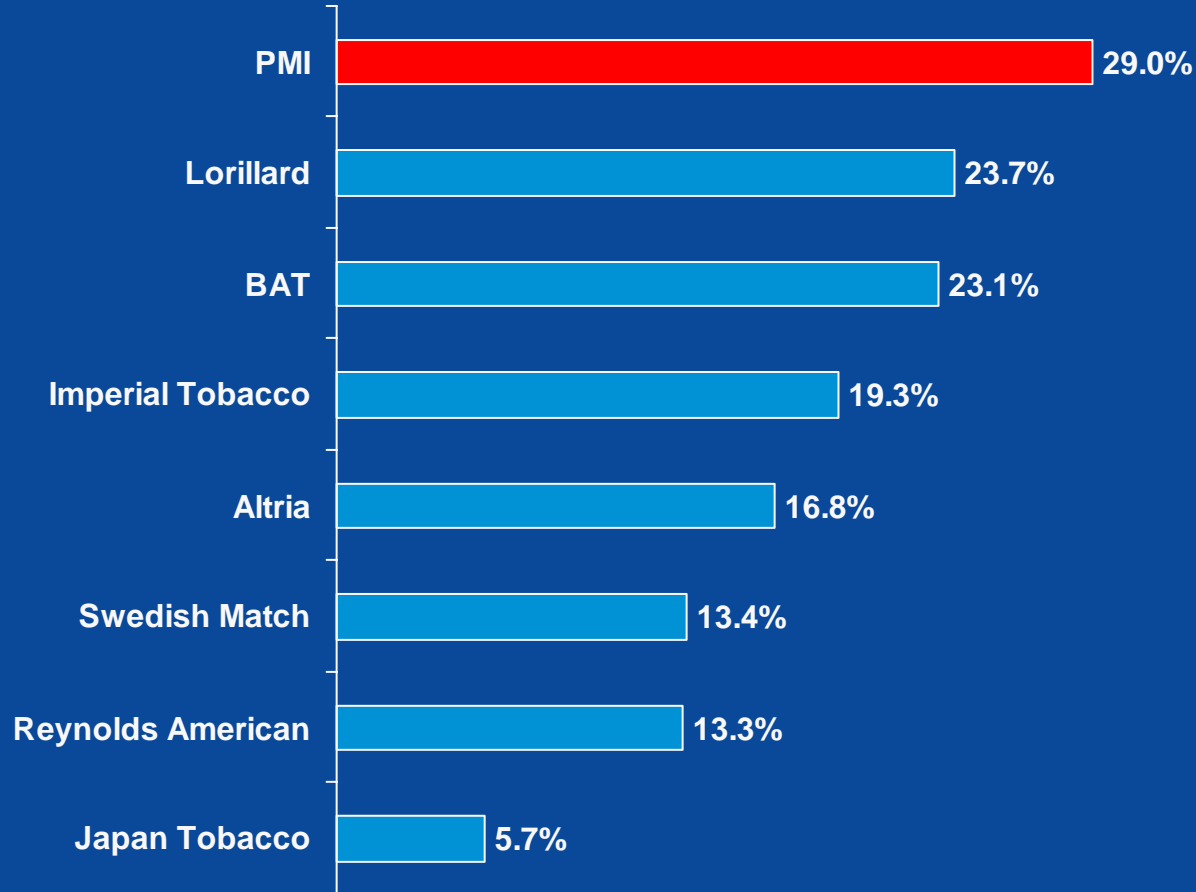
Free Cash Flow as a % of Net Revenues – Peer Group 2008 FY – Sept 30, 2009 YTD



Note: Free Cash Flow as a % of Net Revenue, excluding excise taxes, is defined as total Free Cash Flow during the 2008 – Sept 30, 2009 YTD period (\$12,772 million) over the total revenue during the same period (\$44,023 million). Free Cash Flow is defined as Operating Cash Flow (\$14,354 million) less Capital Expenditures (\$1,582 million). Nearest comparable period is used where the 2008 – Sept 30, 2009 YTD comparison is unavailable
Source: Centerview Partners from Company filings



Free Cash Flow as a % of Net Revenues – Tobacco 2008 FY – Sept 30, 2009 YTD



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Source: Centerview Partners from Company filings



Working Capital

- Average quarterly working capital in 2008:

	<u>\$ billion</u>
- Receivables	2.9
- Inventories	9.1
- Other	0.3
- Payables	<u>(7.5)</u>
- Total	4.8



Working Capital – Benchmarking

- Objective was to determine areas where improvements could be made to generate additional cash
- Comparisons made with other consumer products companies and our key competitors



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- Comprehensive program initiated
- Expect to generate \$750 million to \$1 billion in incremental cash flow over period 2010-2012



Working Capital – Benchmarking

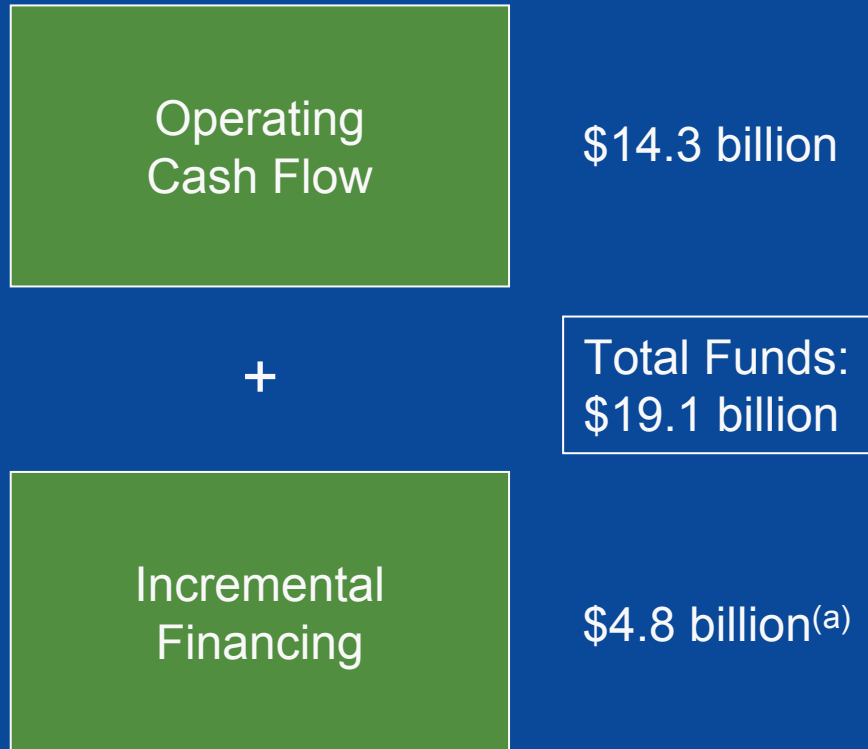
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Confident our free cash flow growth rate will exceed our net earnings growth rate



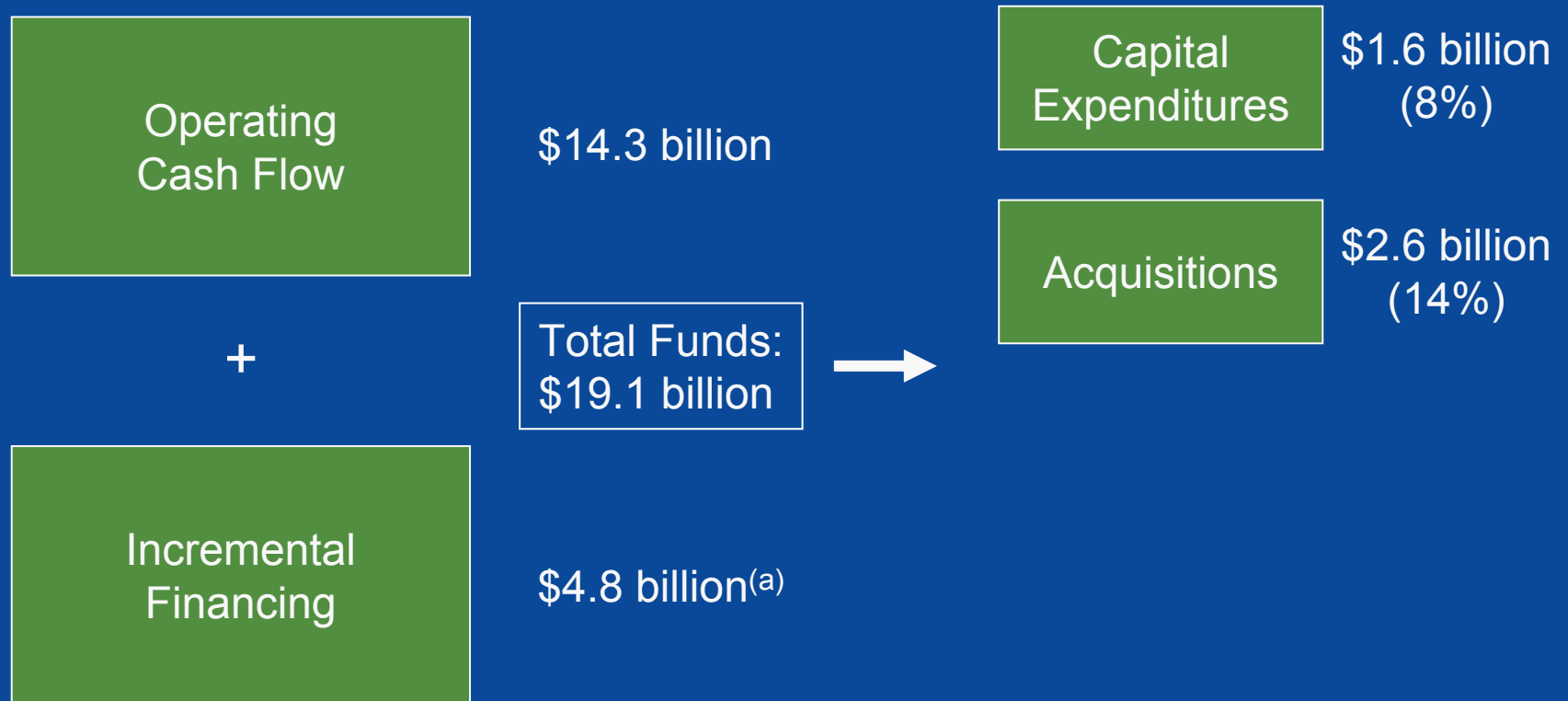
Available Funds: Jan 2008 – Sept 2009



(a) Net of Q1, 2008, special dividend paid by PMI to Altria Group, Inc. of \$3.0 billion
Source: PMI Financials



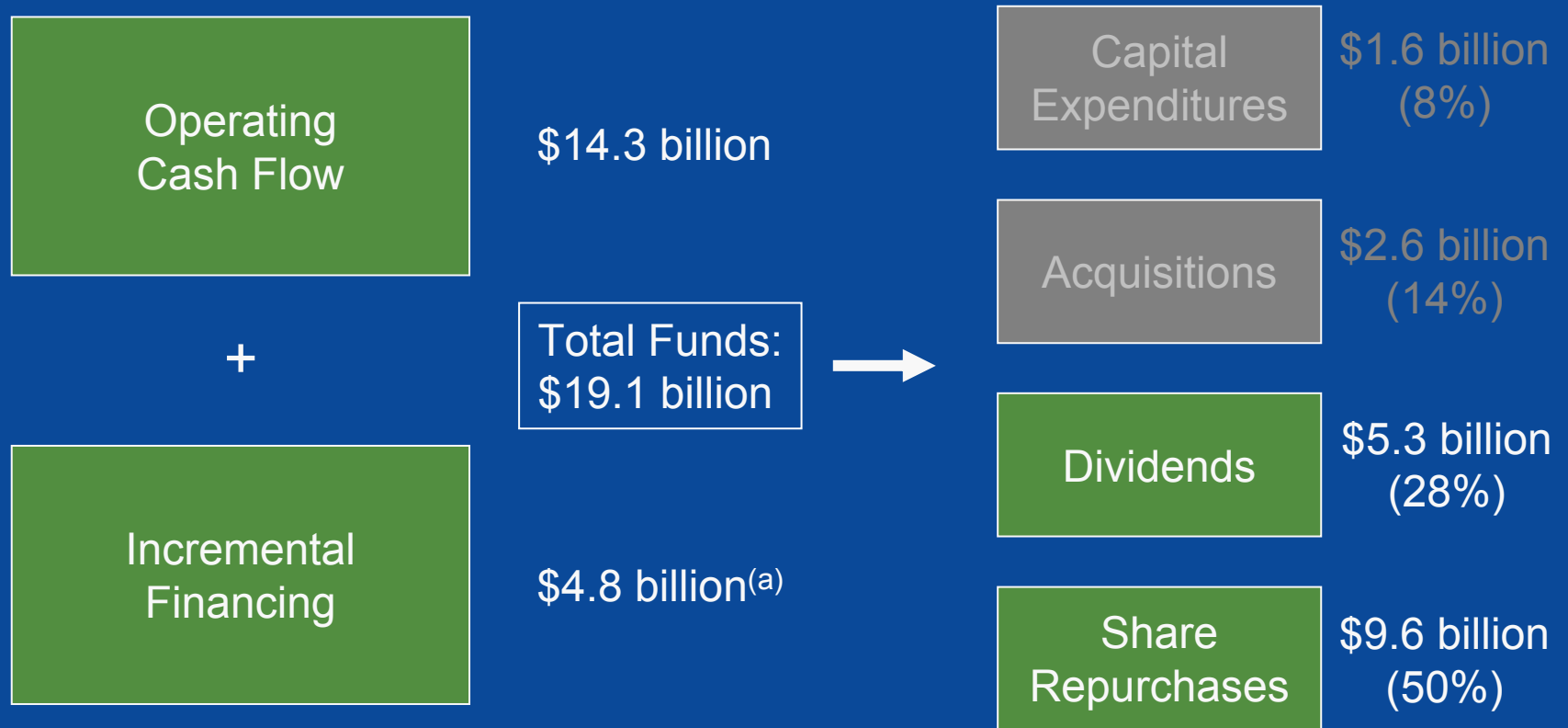
Use of Funds: Jan 2008 – Sept 2009



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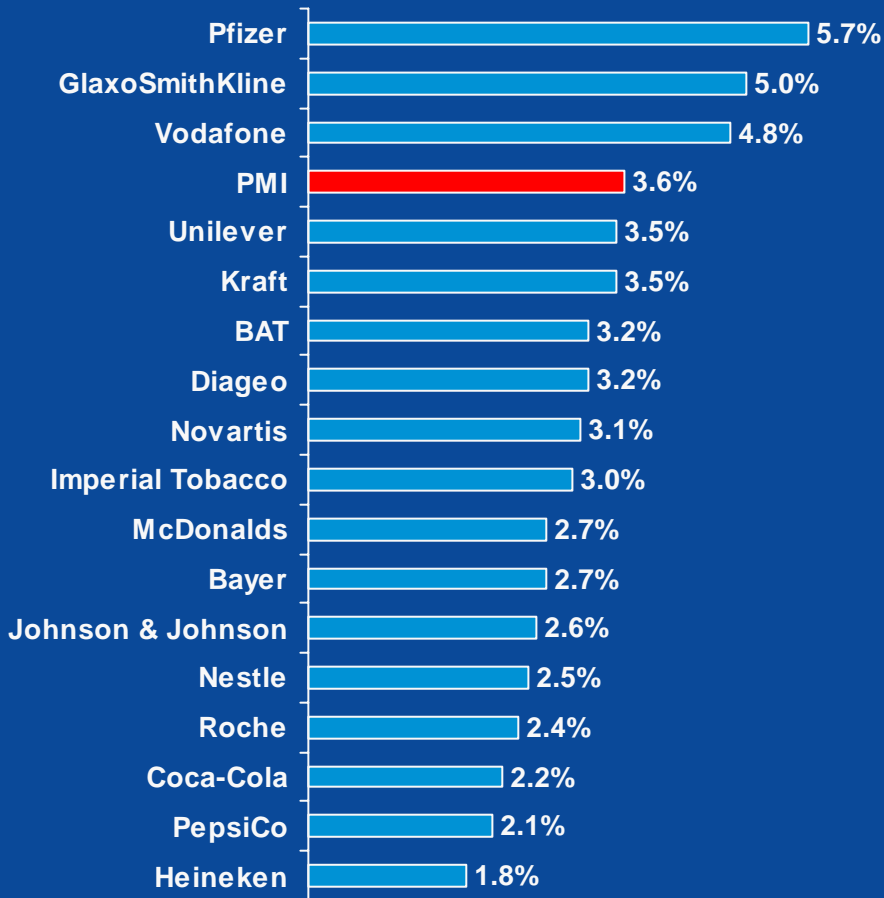
Dividends

- **March 2008, established at \$1.84 per share on annualized basis**
- **Increased by 17.4% in August 2008 and 7.4% in September 2009**
- **Current level of \$2.32 per share on an annualized basis equates to a yield of 4.6%**

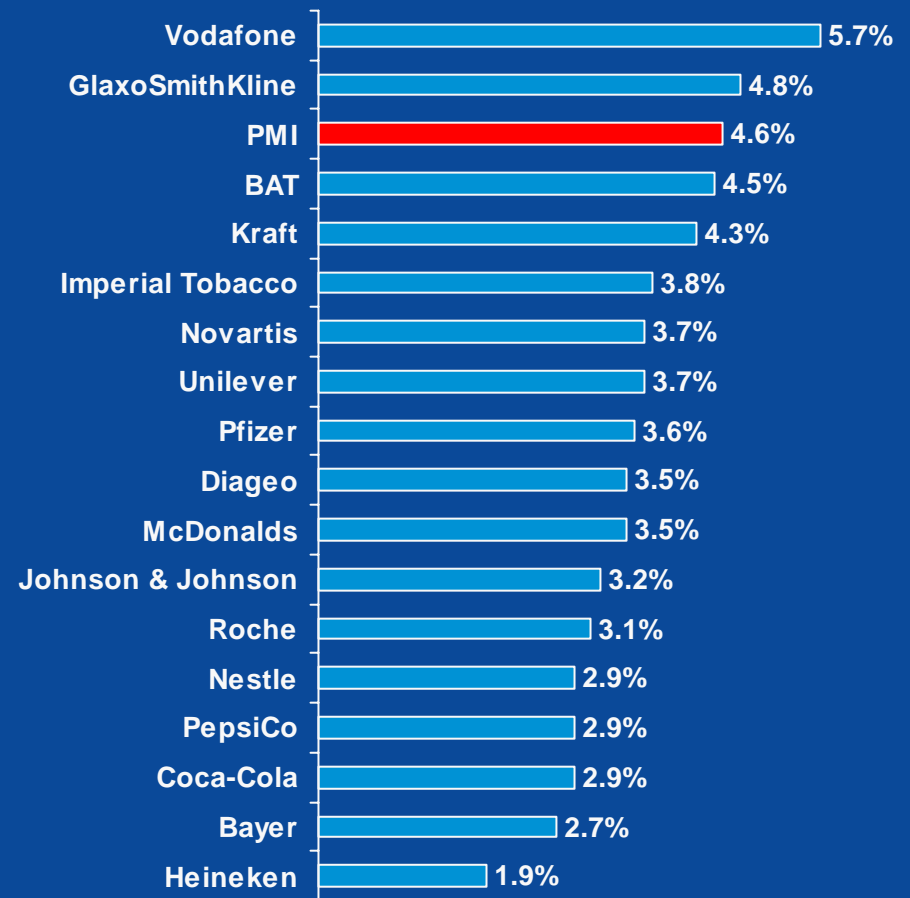


Dividend Yield

March 28, 2008



November 13, 2009





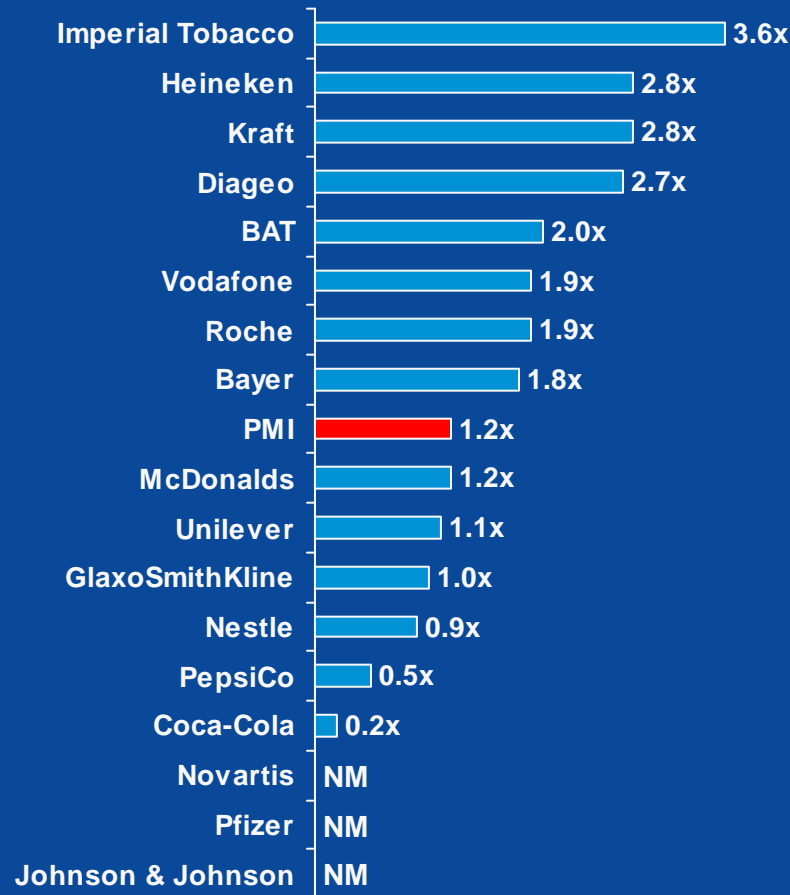
Share Repurchases

- **\$13 billion two-year program has been maintained throughout the economic and financial crisis**
- **\$9.6 billion used to purchase 209.6 million shares at an average price of \$45.81 per share**
- **\$3.4 billion remaining in current program, as of September 30, 2009**



Net Debt to EBITDA – Peer Group

September 30, 2009



Note: Not Meaningful (NM). Please see relevant reconciliations to most comparable GAAP measures posted on our website or at the end of this presentation

Source: Centerview Partners based on company filings



Capital Structure

- **Goal is to maintain current credit ratings and flexibility to make acquisitions**
- **Intention is to maintain our leverage within the constraints of these credit ratings**



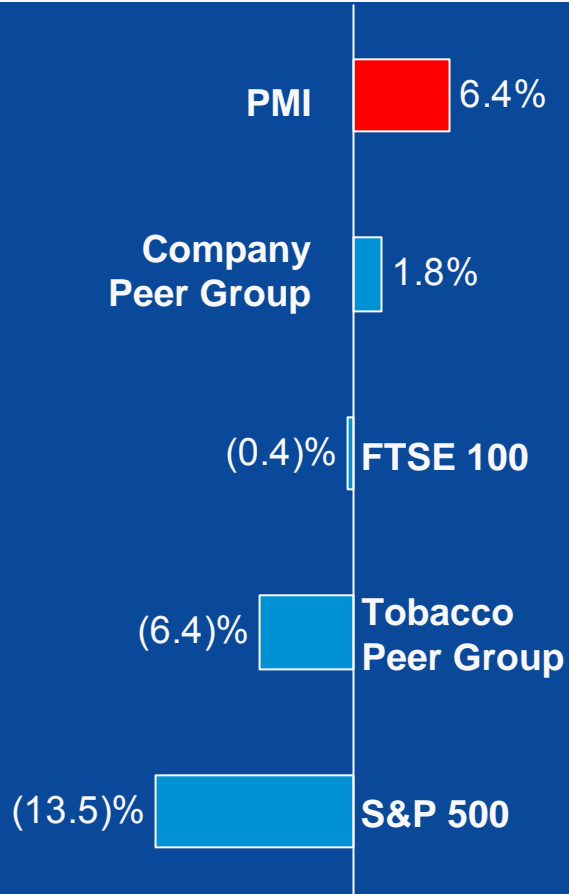
Shareholder Returns

- **This year so far, \$7.4 billion returned to shareholders through dividends and share repurchases**
- **Since March 2008 spin-off, \$14.9 billion returned to shareholders, representing more than 15% of our current market capitalization**

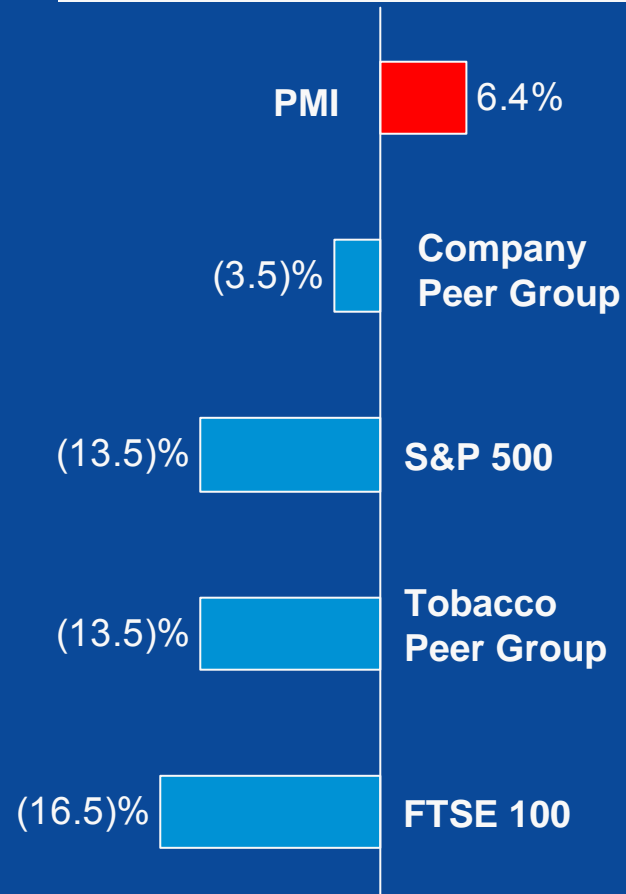


Total Shareholder Return – Weighted Average Since Spinoff (March 28, 2008 – November 13, 2009)

Total Shareholder Return – Local Currency



Total Shareholder Return – USD

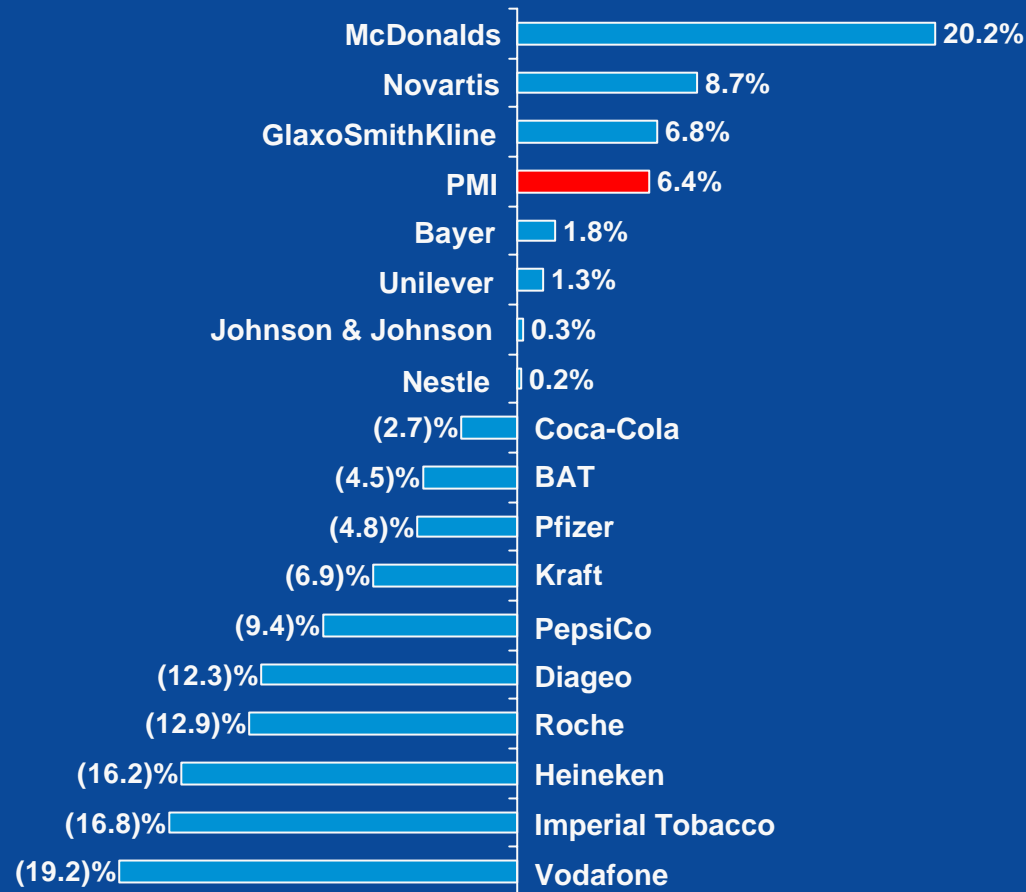


Note: Peer groups represent the market weighted average return of the group. Total shareholder return and exchange rates are for period beginning March 28, 2008 and ending November 13, 2009. PMI includes pro forma \$0.46 per share dividend paid in April 2008

Source: Centerview Partners based on FactSet



Total Shareholder Return – Peer Group (USD) Since Spinoff (March 28, 2008 – November 13, 2009)





Conclusions

- **Key objective is to continue to provide superior returns to our shareholders**
- **Business fundamentals in very good shape**
- **Expect to consistently meet or exceed financial mid to long-term growth targets**
- **Organic volume growth should resume following employment-led economic recovery**
- **Tremendous cash flow generation**
- **Optimization of working capital**
- **Dividend and share repurchases**



PHILIP MORRIS INTERNATIONAL

Questions & Answers



**PHILIP MORRIS INTERNATIONAL
Reconciliation of Non-GAAP Measures**

Adjustments for the Excises Taxes, Impact of Currency and Acquisitions on Net Revenues
(in millions USD rounded)

2008							2007			% 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	
\$ 14,354	8,433	\$ 5,921	442	\$ 5,479	45	\$ 5,434	For the Quarter ended March 31,	\$ 12,170	7,018	\$ 5,152	14.9%	6.3%	5.5%
16,703	9,994	6,709	638	6,071	-	6,071	For the Quarter ended June 30,	13,948	8,113	5,835	15.0%	4.0%	4.0%
17,365	10,412	6,953	590	6,363	14	6,349	For the Quarter ended September 30,	14,232	8,316	5,916	17.5%	7.6%	7.2%
15,218	9,096	6,122	(288)	6,410	170	6,240	For the Quarter ended December 31,	14,893	8,986	5,907	3.6%	8.5%	5.6%
63,640	37,935	25,705	1,382	24,323	229	24,094	For the Year ended December 31,	55,243	32,433	22,810	12.7%	6.6%	5.6%



PHILIP MORRIS INTERNATIONAL
Reconciliation of Non-GAAP Measures

Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income & Adjustments for the Impact of Currency and Acquisitions on Operating Companies Income
(in millions USD rounded)

2008							2007			% Change on Adjusted Operating Companies Income			
Reported Operating Companies Income	Less Asset Impairment & Exit Costs / Others	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 / Others	Adjusted Operating Companies Income	Adjusted	Adjusted excluding Currency	Adjusted excluding Currency & Acquisitions	
\$ 2,546	(23)	\$ 2,569	224	\$ 2,345	21	\$ 2,324	For the Quarter ended March 31,	\$ 1,884	(62)	\$ 1,946	32.0%	20.5%	19.4%
2,646	(172)	2,818	277	2,541	13	2,528	For the Quarter ended June 30,	2,240	(76)	2,316	21.7%	9.7%	9.2%
2,939	(13)	2,952	217	2,735	23	2,712	For the Quarter ended September 30,	2,518	(15)	2,533	16.5%	8.0%	7.1%
2,303	-	2,303	(237)	2,540	68	2,472	For the Quarter ended December 31,	2,301	(42)	2,343	-1.7%	8.4%	5.5%
10,434	(208)	10,642	481	10,161	125	10,036	For the Year ended December 31,	8,943	(195)	9,138	16.5%	11.2%	9.8%



PHILIP MORRIS INTERNATIONAL
Reconciliation of Non-GAAP Measures

Reconciliation of Reported Diluted Earnings Per Share to Adjusted Diluted Earnings Per Share & Adjustments for the Impact of Currency and 2007 Pro-Forma
(in millions USD rounded)

2008					2007					% Change on Diluted Earnings Per Share	
Reported ⁽¹⁾⁽³⁾	Less Asset Impairment & Exit Costs / Others	Adjusted	Less Currency	Adjusted excluding Currency	Reported ⁽¹⁾⁽³⁾	Less Asset Impairment & Exit Costs / Others	Adjusted	Pro-Forma ⁽²⁾ Adjustments	Adjusted Pro-Forma	Adjusted	Adjusted excluding Currency
<u>For the Quarter ended March 31.</u>					<u>For the Quarter ended March 31.</u>						
\$ 0.79	(0.01)	\$ 0.80	0.07	\$ 0.73	\$ 0.60	(0.02)	\$ 0.62	(0.03)	\$ 0.59	35.6%	23.7%
<u>For the Quarter ended June 30.</u>					<u>For the Quarter ended June 30.</u>						
\$ 0.80	(0.07)	\$ 0.87	0.10	\$ 0.77	\$ 0.70	(0.03)	\$ 0.73	(0.03)	\$ 0.70	24.3%	10.0%
<u>For the Quarter ended September 30.</u>					<u>For the Quarter ended September 30.</u>						
\$ 1.01	0.08	\$ 0.93	0.08	\$ 0.85	\$ 0.82	0.01	\$ 0.81	(0.03)	\$ 0.78	19.2%	9.0%
<u>For the Quarter ended December 31.</u>					<u>For the Quarter ended December 31.</u>						
\$ 0.71	-	\$ 0.71	(0.10)	\$ 0.81	\$ 0.74	0.01	\$ 0.73	(0.01)	\$ 0.72	-1.4%	12.5%
<u>For the Year ended December 31.</u>					<u>For the Year ended December 31.</u>						
\$ 3.31	-	\$ 3.31	0.15	\$ 3.16	\$ 2.86	(0.03)	\$ 2.89	(0.09)	\$ 2.80	18.2%	12.9%

(1) Refer to schedule 11 and 12 in the 2008 Full Year Earnings Release.

(2) For details on the Pro-Forma adjustments, please refer to the schedule 14 in the 2008 Full Year Earnings Release.

(3) Effective January 1, 2009, PMI adopted the provisions of amended FASB authoritative guidance which requires that unvested share-based payment awards that contain nonforfeitable rights to dividends are participating securities and therefore shall be included in the earnings per share calculation pursuant to the two-class method.



PHILIP MORRIS INTERNATIONAL
Reconciliation of Non-GAAP Measures
Calculation of Net Debt to EBITDA Ratio
(in millions USD rounded, except ratios)

	March 31, 2008			September 30, 2009		
	April~December 2007	January~March 2008	12 months rolling	October~December 2008	January~September 2009	12 months rolling
Earnings before income tax	\$ 7,033	\$ 2,449	\$ 9,482	\$ 2,120	\$ 7,027	\$ 9,147
Interest expense, net	-	75	75	106	572	678
Amortization & Depreciation	585	201	786	217	607	824
EBITDA	\$ 7,618	\$ 2,725	\$ 10,343	\$ 2,443	\$ 8,206	\$ 10,649

	March 31, 2008	September 30, 2009
Short-term borrowings	\$ 793	\$ 313
Current portion of long-term debt	104	197
Long-term debt	6,643	13,741
Total debt	\$ 7,540	\$ 14,251
Less: Cash & cash equivalents	1,231	1,602
Net Debt	\$ 6,309	\$ 12,649

Ratio

Net Debt / EBITDA	0.61	1.19
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