



PHILIP MORRIS INTERNATIONAL

Annual Meeting of Stockholders
May 5, 2009



2008 Highlights

- **Spin-off from Altria Group, Inc. in March**
- **Flawless transition**
- **PMI is the largest publicly traded tobacco company**
- **Strong business results in 2008**
- **Stage set for further growth in the years to come**



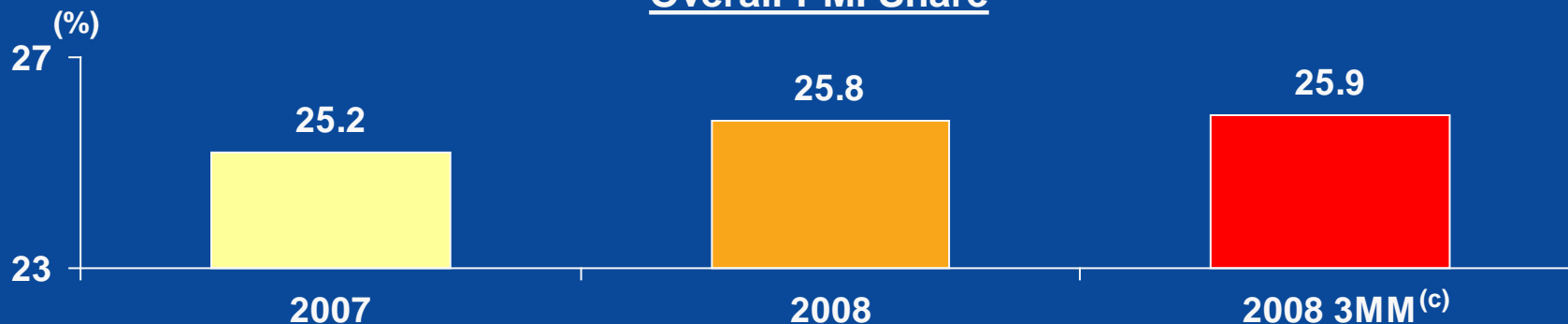
2008 Full-Year Results

(Units billion)	Full-Year <u>2008</u>	<u>% Growth 2008 vs. 2007</u>	
		<u>Reported</u>	<u>Excl. Acquisitions</u>
Cigarette Volume	869.8	+ 2.5 %	+ 1.0 %

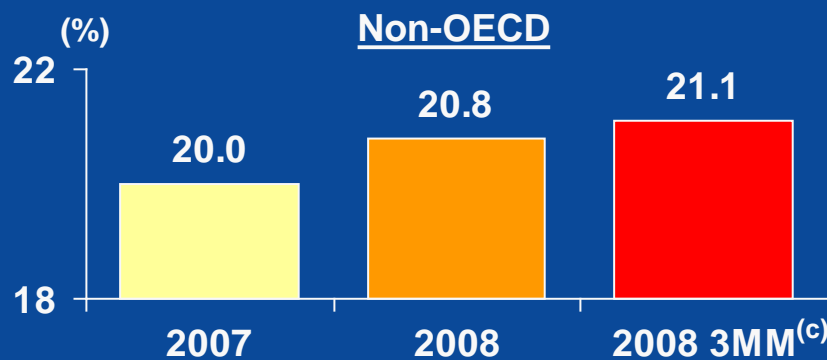
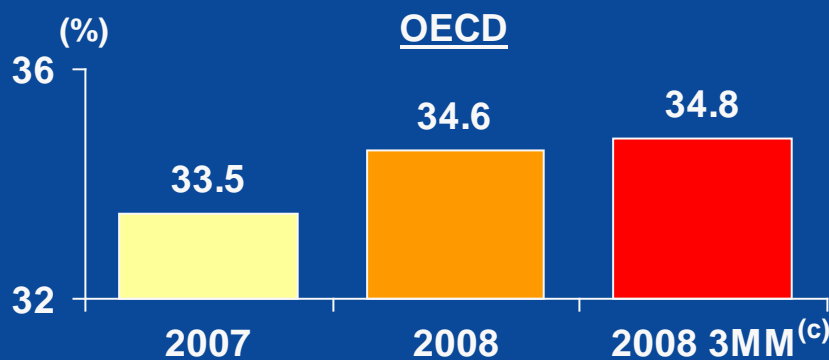


Share Trends

Overall PMI Share^(a)



OECD/Non-OECD Share^{(a)(b)}



(a) Excluding PRC and USA.

(b) Also excluding Duty-Free.

(c) 3MM refers to 3 months moving average.

Source: PMI Estimates



2008 Full-Year Results

(\$ billion)	Full-Year <u>2008</u>	<u>Growth 2008 vs. 2007</u>	
		<u>Reported</u>	<u>Excl. Currency</u>
Net Revenues ^(a)	\$ 25.7	+ 12.7 %	+ 6.6 %



2008 Full-Year Results

(\$ billion)	Full-Year <u>2008</u>	<u>Growth 2008 vs. 2007</u>	
		<u>Reported</u>	<u>Excl. Currency</u>
Net Revenues ^(a)	\$ 25.7	+ 12.7 %	+ 6.6 %
Operating Companies Income ^(b)	\$ 10.4	+ 16.7 %	+ 11.3 %

(a) Excluding excise taxes.

(b) OCI is defined as Operating income before general corporate expenses and amortization of intangibles.

Source: PMI Financials



2008 Full-Year Results

(\$ / share)	Full-Year <u>2008</u>	<u>Growth 2008 vs. 2007</u>	
		<u>Increase</u>	<u>Increase Excl. Curr.</u>
Reported Diluted EPS	\$ 3.32	+ 16.1 %	+ 10.8 %
Adjusted Diluted EPS	\$ 3.32	+ 18.6 %	+ 13.2 %



2009 First-Quarter Results

(Units billion)	First-Quarter <u>2009</u>	<u>Growth 2009 vs. 2008</u>	
		<u>Reported</u>	<u>Excl. Acquisitions</u>
Cigarette Volume	203.4	- ^(a)	(1.1) % ^(b)

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

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

Source: PMI Financials



2009 First-Quarter Results

(\$ billion)	First-Quarter <u>2009</u>	<u>Growth 2009 vs. 2008</u>	
		<u>Reported</u>	<u>Excl. Currency</u>
Net Revenues ^(a)	\$ 5.6	(5.5) %	+ 6.3 %



2009 First-Quarter Results

(\$ billion)	First-Quarter <u>2009</u>	<u>Growth 2009 vs. 2008</u>	
		<u>Reported</u>	<u>Excl. Currency</u>
Net Revenues ^(a)	\$ 5.6	(5.5) %	+ 6.3 %
Operating Companies Income	\$ 2.4	(7.0) %	+ 8.8 %



2009 First-Quarter Results

(\$ / share)	First-Quarter <u>2009</u>	<u>Growth 2009 vs. 2008</u>	
		<u>Decrease</u>	<u>Increase Excl. Curr.</u>
Reported Diluted EPS	\$ 0.74	(6.3) %	+ 12.7 %
Adjusted Diluted EPS	\$ 0.74	(7.5) %	+ 11.3 %



Currency

- **First quarter results adversely impacted by currency:**
 - **\$700 million on net revenues^(a)**
 - **\$400 million on OCI**
 - **\$0.15 on EPS**



Currency

- **First quarter results adversely impacted by currency:**
 - \$700 million on net revenues^(a)
 - \$400 million on OCI
 - \$0.15 on EPS
- **Currency environment more favorable recently but remains very volatile**



Currency Neutral Mid to Long-Term Targets

	Growth <u>Rate</u>	Full-Year <u>2008</u>	Full-Year Forecast <u>2009</u>
Net Revenues^(a)	4 – 6%		
Operating Income	6 – 8%		
EPS	10 – 12%		

Innovation





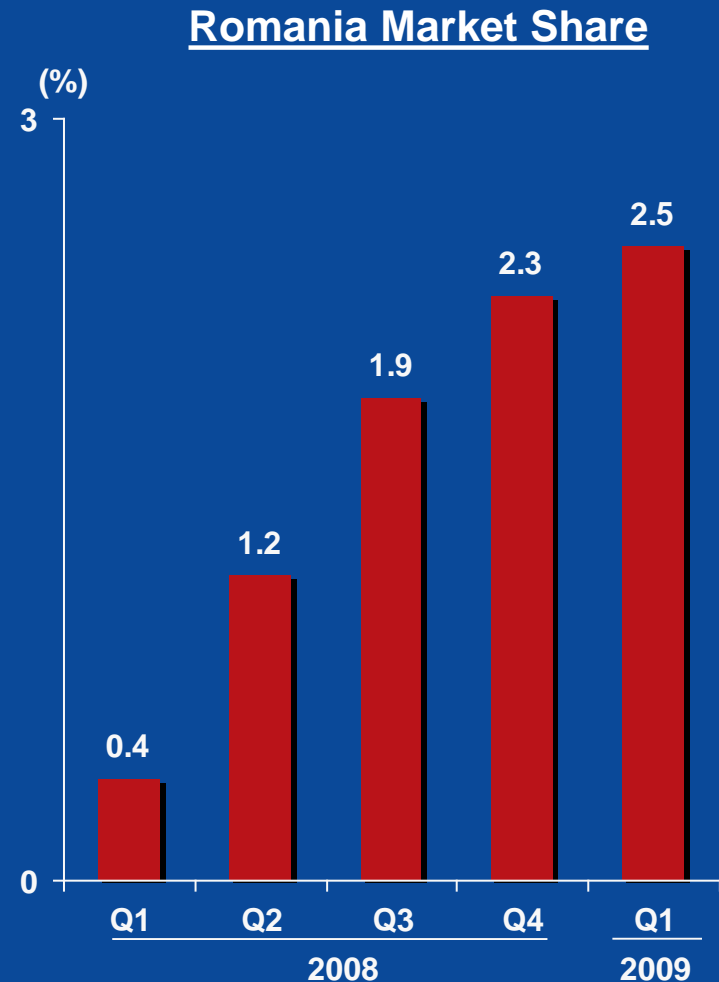
Key Consumer Trends

- **Lighter-tasting, smoother products**
- **Technology / innovation**
- **Slimmer diameter products**
- **Menthol**



Marlboro Filter Plus

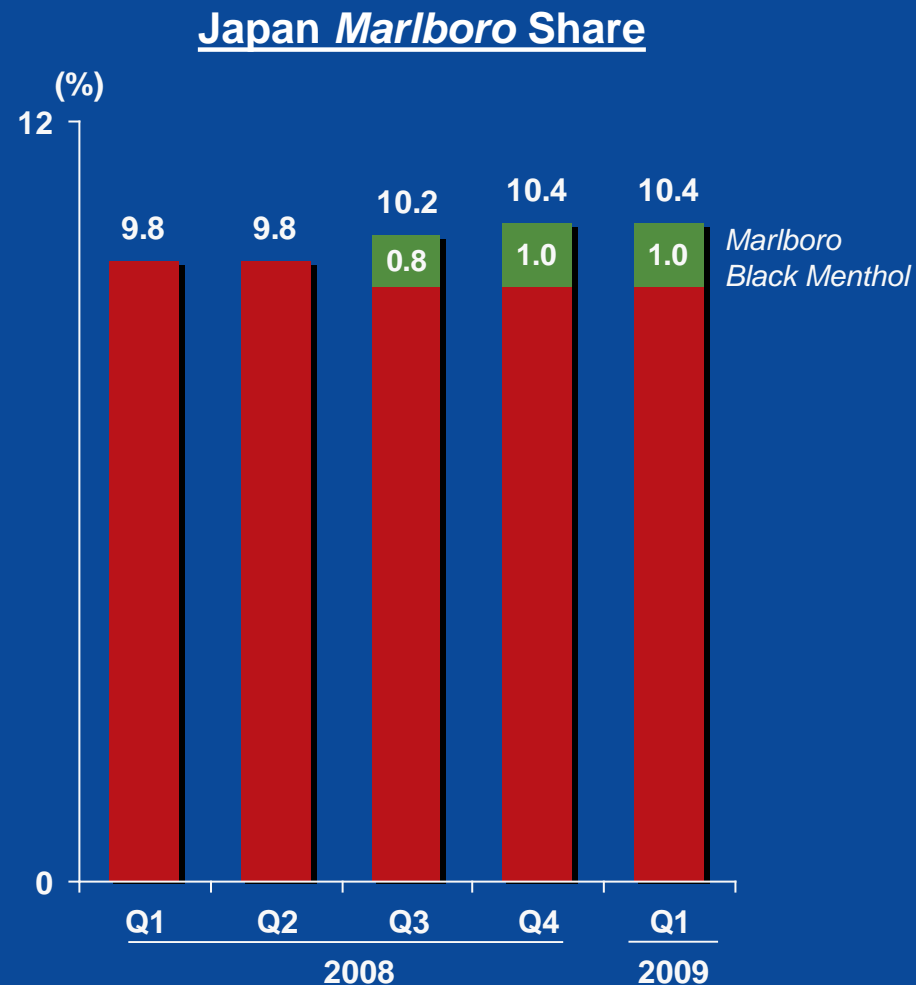
- Unique multi-chambered filter, one of which contains tobacco for added flavor
- Innovative sliding pack
- Introduced initially in Korea
- Successfully expanded to a wide range of markets





Marlboro Black Menthol

- Launched in Japan in August 2008
- Achieved a 1.0% share of market in Q1, 2009
- Most successful PMI launch in Japan ever
- Now introduced in Hong Kong and Indonesia



Brand Portfolio

International

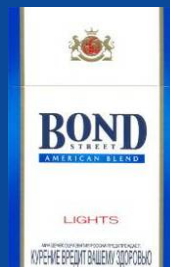
Premium & Above



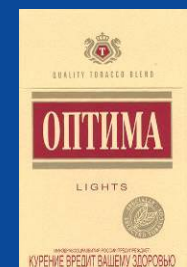
Mid-Price



Low-Price



Local Heritage



Parliament

- Prestige brand with recessed filter
- Generally above premium price with superior margins
- *Parliament* volume grew by 5.9% in Q1, 2009
- Growth driven by Korea, Russia, Turkey and Ukraine
- *Parliament Reserve* launched to reinforce prestigious image



L&M

- Mid-price
- L&M volume declined by 0.5% in Q1, 2009
- Second largest brand in EU Region after *Marlboro*
- Fastest growing brand in Germany



Chesterfield

- Mid-price, generally priced above *L&M* with higher margins
- Volume growth in EU Region in Q1, 2009, partly offset by a decline in Russia





Regulatory and Fiscal Strategy

- **Commitment to address complex issues surrounding tobacco use**



Regulatory and Fiscal Strategy

- **Commitment to address complex issues surrounding tobacco use**
- **Support many of the provisions of WHO's FCTC**
- **However, we believe that:**
 - **tobacco companies should be permitted to communicate directly with adult smokers**



Regulatory and Fiscal Strategy

- Commitment to address complex issues surrounding tobacco use
- Support many of the provisions of WHO's FCTC
- However, we believe that:
 - tobacco companies should be permitted to communicate directly with adult smokers
 - **product standards should be reasonable**



Regulatory and Fiscal Strategy

- **Commitment to address complex issues surrounding tobacco use**
- **Support many of the provisions of WHO's FCTC**
- **However, we believe that:**
 - tobacco companies should be permitted to communicate directly with adult smokers
 - product standards should be reasonable
 - **point-of-sale display bans and generic packaging are not appropriate**



Regulatory and Fiscal Strategy

- Commitment to address complex issues surrounding tobacco use
- Support many of the provisions of WHO's FCTC
- However, we believe that:
 - tobacco companies should be permitted to communicate directly with adult smokers
 - product standards should be reasonable
 - point-of-sale display bans and generic packaging are not appropriate
- We continue to work on youth smoking prevention



Regulatory and Fiscal Strategy

- Commitment to address complex issues surrounding tobacco use
- Support many of the provisions of WHO's FCTC
- However, we believe that:
 - tobacco companies should be permitted to communicate directly with adult smokers
 - product standards should be reasonable
 - point-of-sale display bans and generic packaging are not appropriate
- We continue to work on youth smoking prevention
- We will continue to offer governments our support and advice and seek common ground



PMI Key Strengths

- Our constructive engagement
- Our superior brands
- Our financial capabilities
- Our talented people



Free Cash Flow^(a)

- Free cash flow reached \$6.8 billion in 2008, up \$2.4 billion, or 52.7%
- Free cash flow in Q1, 2009, was \$1.3 billion, in line with prior year

(a) Free cash flow is defined as operating cash flow less capital expenditures. In 2008, operating cash flow was \$7,935 million and capital expenditures \$1,099 million. In 2007, operating cash flow was \$5,550 million and capital expenditures \$1,072 million. In Q1, 2009, operating cash flow was \$1,427 million and capital expenditures \$145 million.



Capital Structure

- **Net debt to EBITDA ratio of 0.94 to 1 on December 31, 2008^(a)**
- **Successful bond issuances:**
 - \$10.1 billion equivalent in 2008
 - \$3.0 billion equivalent in 2009
 - Attractive rates and well-laddered maturities
- **Unused bank facilities of over \$6 billion and access to commercial paper market**
- **Solid credit ratings**
- **Net debt to EBITDA ratio of 1.08 to 1 on March 31, 2009^(b)**

(a) At the end of 2008, net debt was \$10,430 million with total debt of \$11,961 million and cash and cash equivalents of \$1,531 million, while EBITDA was \$11,090 million with pre-tax earnings of \$9,937 million, net interest expense of \$311 million and depreciation and amortization of \$842 million.

(b) At the end of March 2009, net debt was \$11,696 million with total debt of \$14,057 million and cash and cash equivalents of \$2,361 million, while the 12 months rolling EBITDA was \$10,879 million with pre-tax earnings of \$9,650 million, net interest expense of \$394 million and depreciation and amortization of \$835 million.

Source: PMI Financials

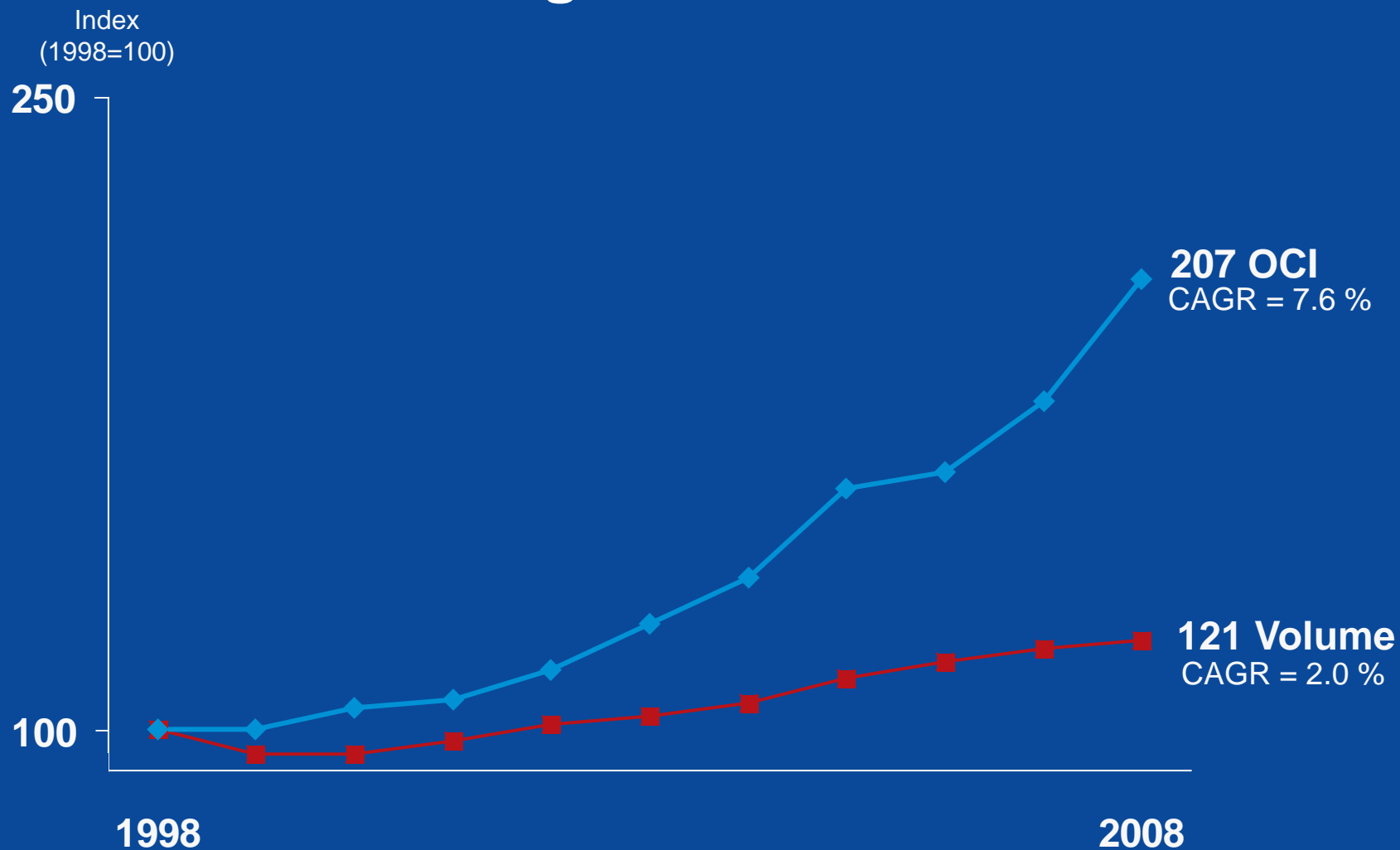


Shareholder Returns

- Quarterly dividend increased by 17.4% in August 2008 to an annualized rate of \$2.16 per share
- At current share price, dividend yield is 5.7%
- Target dividend pay-out ratio of 65% could be exceeded in 2009
- \$13 billion two-year share repurchase program on track



Strong Track Record





Conclusion

- **Superior brand portfolio**



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- **Global leader and best geographical balance**



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- Pricing variance in first quarter 2009 highest ever



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- Pricing variance in first quarter 2009 highest ever
- Ambitious productivity programs on track



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- Ambitious productivity programs on track
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- Very capable Board of Directors and talented, committed employees



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- **Strong business momentum and financial capabilities underpin dividend and share repurchase program**



Conclusion

- Superior brand portfolio
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- Pricing variance in first quarter 2009 highest ever
- Ambitious productivity programs on track
- Strong cash flow and balance sheet
- Very capable Board of Directors and talented, committed employees
- Strong business momentum and financial capabilities underpin dividend and share repurchase program
- **\$9 billion in cash expected to be returned to shareholders in 2009, 12% of current market cap**



Conclusion

- **Superior brand portfolio**
- **Global leader and best geographical balance**
- **Pricing variance in first quarter 2009 highest ever**
- **Ambitious productivity programs on track**
- **Strong cash flow and balance sheet**
- **Very capable Board of Directors and talented, committed employees**
- **Strong business momentum and financial capabilities underpin dividend and share repurchase program**
- **\$9 billion in cash expected to be returned to shareholders in 2009, 12% of current market cap**



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Question and Comment Session



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Harold Brown





Mathis Cabiallavetta



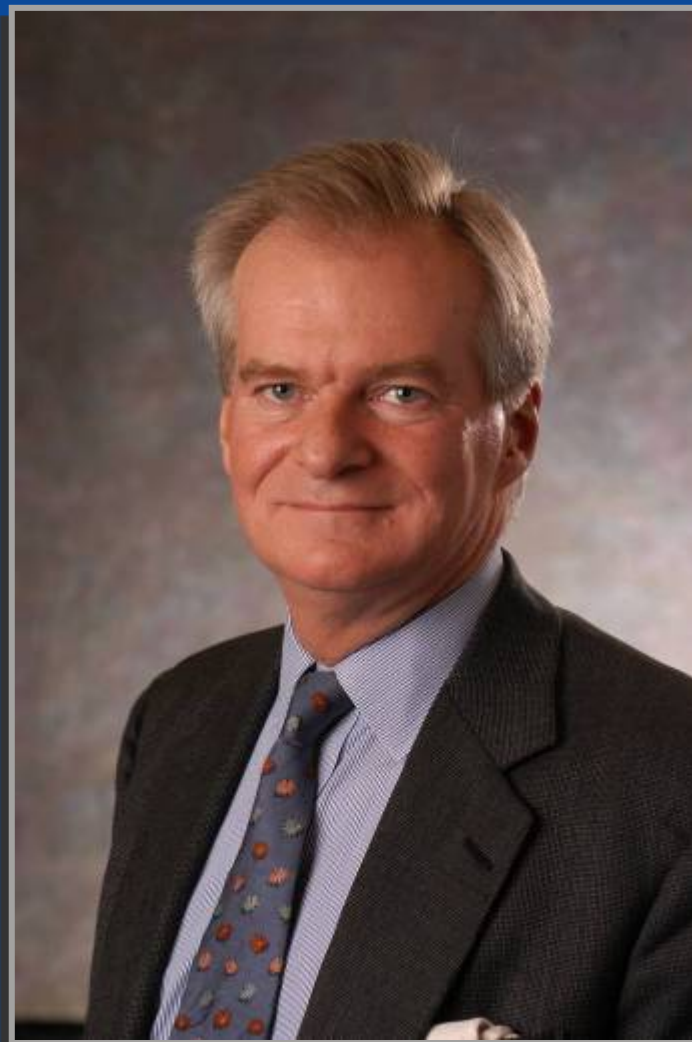


Louis C. Camilleri





J. Dudley Fishburn





Graham Mackay





Sergio Marchionne





Lucio A. Noto



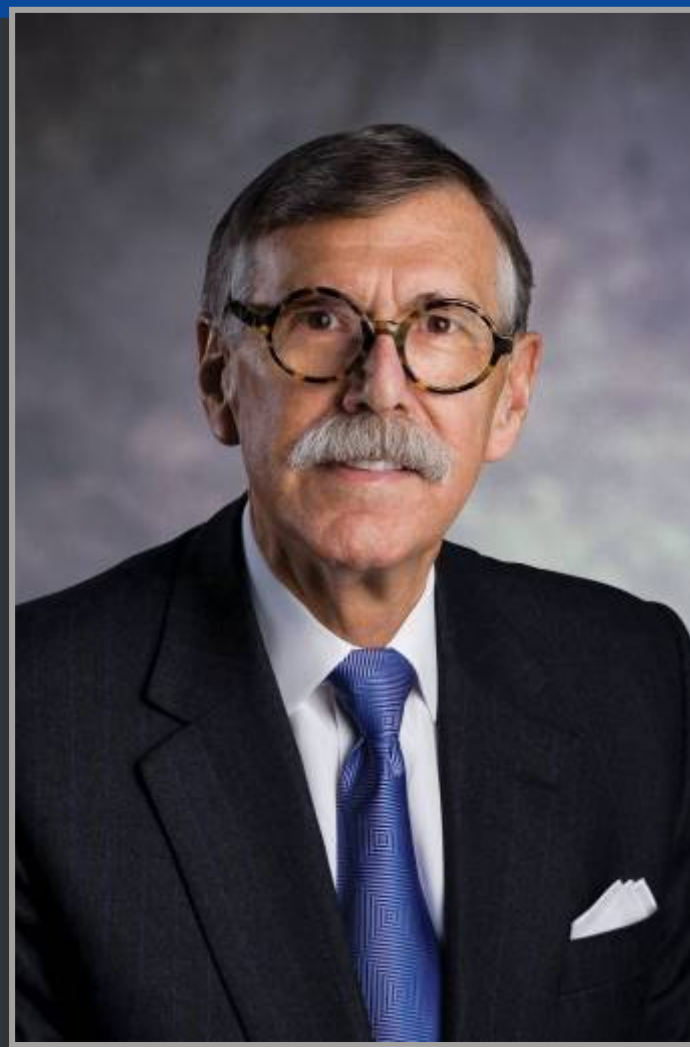


Carlos Slim Helú





Stephen M. Wolf





PHILIP MORRIS INTERNATIONAL

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May 5, 2009



25 YEAR ANNIVERSARY TRIBUTE

TO

PT HM SAMPOERNA EMPLOYEES

(5 min. video – please stand by)



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May 5, 2009



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, filed with the Securities and Exchange Commission.



Reconciliation of Non-GAAP Measures

Adjustments for the Impact of Currency and Acquisitions
For 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 Acquisi- tions	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	European Union	\$ 6,697	\$ (4,451)	\$ 2,246	(11.5)%	(0.4)%	(1.1)%
2,831	(1,379)	1,452	(312)	1,764	-	1,764	EEMA	3,283	(1,621)	1,662	(12.6)%	6.1%	6.1%
2,857	(1,267)	1,590	(49)	1,639	-	1,639	Asia	2,976	(1,473)	1,503	5.8%	9.0%	9.0%
1,548	(980)	568	(85)	653	124	529	Latin America & Canada	1,398	(888)	510	11.4%	28.0%	3.7%
\$ 13,286	\$ (7,689)	\$ 5,597	\$ (697)	\$ 6,294	\$ 140	\$ 6,154	PMI Total	\$ 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 Acquisi- tions	Reported Operating Companies Income excluding Currency & Acquisitions				Reported Operating Companies Income	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions
\$ 967			\$ (184)	\$ 1,151	\$ 11	\$ 1,140	European Union		\$ 1,167	(17.1)%	(1.4)%	(2.3)%	
586			(201)	787	-	787	EEMA		680	(13.8)%	15.7%	15.7%	
661			19	642	-	642	Asia		550	20.2%	16.7%	16.7%	
155			(35)	190	55	135	Latin America & Canada		149	4.0%	27.5%	(9.4)%	
\$ 2,369			\$ (401)	\$ 2,770	\$ 66	\$ 2,704	PMI Total		\$ 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.

Source: PMI Financials



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 Currency	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)%
586	-	586	(201)	787	-	787	EEMA	680	(1)	681	(14.0)%	15.6%
661	-	661	19	642	-	642	Asia	550	(14)	564	17.2%	13.8%
155	-	155	(35)	190	55	135	Latin America & Canada	149	-	149	4.0%	27.5%
\$ 2,369	\$ (1)	\$ 2,370	\$ (401)	\$ 2,771	\$ 66	\$ 2,705	PMI Total	\$ 2,546	\$ (23)	\$ 2,569	(7.7)%	7.9%

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Source: PMI Financials



Reconciliation of Non-GAAP Measures

Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS, Excluding Currency
For 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

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For 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:			
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Reported Diluted EPS, Excluding Currency	<u>\$ 0.89</u>	<u>\$ 0.79</u>	12.7%

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Reconciliation of Non-GAAP Measures

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

	<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



Reconciliation of Non-GAAP Measures

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

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
\$ 30,265	\$(20,577)	\$ 9,688	899	\$ 8,789	\$ 26	\$ 8,763	European Union	\$ 26,829	\$(17,994)	\$ 8,835	9.7%	-0.5%	-0.8%
14,817	(7,313)	7,504	296	7,208	-	7,208	EEMA	12,166	(5,820)	6,346	18.2%	13.6%	13.6%
12,222	(6,037)	6,185	140	6,045	46	5,999	Asia	11,097	(5,449)	5,648	9.5%	7.0%	6.2%
6,336	(4,008)	2,328	47	2,281	157	2,124	Latin America & Canada	5,151	(3,170)	1,981	17.5%	15.1%	7.2%
\$ 63,640	\$(37,935)	\$ 25,705	\$ 1,382	\$ 24,323	\$ 229	\$ 24,094	PMI Total	\$ 55,243	\$(32,433)	\$ 22,810	12.7%	6.6%	5.6%

2008								2007			% 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			Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions
\$ 4,738		\$ 432	\$ 4,306	\$ 20	\$ 4,286	European Union		\$ 4,195			12.9%	2.6%	2.2%
3,119		21	3,098	-	3,098	EEMA		2,431			28.3%	27.4%	27.4%
2,057		32	2,025	5	2,020	Asia		1,803			14.1%	12.3%	12.0%
520		(4)	524	100	424	Latin America & Canada		514			1.2%	1.9%	-17.5%
\$ 10,434		\$ 481	\$ 9,953	\$ 125	\$ 9,828	PMI Total		\$ 8,943			16.7%	11.3%	9.9%



Reconciliation of Non-GAAP Measures

Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income
For the Years Ended December 31,
(in millions)
(Unaudited)

2008							2007			% Change on Adjusted Operating Companies Income		
Reported Operating Companies Income	Less Asset Impairment/ Exit Costs & Other	Adjusted Operating Companies Income	Less Currency	Adjusted Operating Companies Income excluding Currency	Less Acquisitions	Adjusted Operating Companies Income excluding Currency & Acquisitions	Reported Operating Companies Income	Less Asset Impairment/ Exit Costs & Other	Adjusted Operating Companies Income	Adjusted excluding Currency	Adjusted excluding Currency & Acquisitions	Adjusted excluding Currency & Acquisitions
\$ 4,738	\$ (66)	\$ 4,804	\$ 432	\$ 4,372	\$ 20	\$ 4,352	European Union	\$ 4,195	\$ (137)	\$ 4,332	10.9%	0.9%
3,119	(1)	3,120	21	3,099	-	3,099	EEMA	2,431	(12)	2,443	27.7%	26.9%
2,057	(14)	2,071	32	2,039	5	2,034	Asia	1,803	(28)	1,831	13.1%	11.4%
520	(127) ⁽¹⁾	647	(4)	651	100	551	Latin America & Canada	514	(18)	532	21.6%	22.4%
\$ 10,434	\$ (208)	\$ 10,642	\$ 481	\$ 10,161	\$ 125	\$ 10,036	PMI Total	\$ 8,943	\$ (195)	\$ 9,138	16.5%	11.2%
											9.8%	

(1) Includes \$124 million equity loss from Rothmans, Benson & Hedges Inc. legal settlement.
Source: PMI Financials



Reconciliation of Non-GAAP Measures

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

	<u>2008</u>	<u>2007</u>	<u>% Change</u>
Reported Diluted EPS	\$ 3.32	\$ 2.86	16.1%
Adjustments:			
Asset impairment and exit costs	0.02	0.07	
Tax items	(0.08)	(0.03)	
Equity loss from RBH legal settlement	0.06		
Gain on sale of business		(0.01)	
Incremental costs related to services previously provided by Altria		(0.03)	
Interest expense on borrowings to fund special dividends to Altria prior to spin-off		(0.06)	
Adjusted Diluted EPS	\$ 3.32	\$ 2.80	18.6%
Less:			
Currency impact	(0.15)		
Adjusted Diluted EPS, Excluding Currency	\$ 3.17	\$ 2.80	13.2%



Reconciliation of Non-GAAP Measures

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

	<u>2008</u>	<u>2007</u>	<u>% Change</u>
Reported Diluted EPS	\$ 3.32	\$ 2.86	16.1%
Less:			
Currency impact	(0.15)		
Reported Diluted EPS, Excluding Currency	<u>\$ 3.17</u>	<u>\$ 2.86</u>	10.8%



Reconciliation of Non-GAAP Measures

Reconciliation of Operating Companies Income to Operating Income
For the Years Ended December 31,
(in millions)
(Unaudited)

	<u>2008</u>	<u>2007</u>
EU	\$ 4,738	\$ 4,195
EEMA	3,119	2,431
Asia	2,057	1,803
Latin America & Canada	520	514
Operating Companies Income	\$ 10,434	\$ 8,943
Amortization of intangibles	(44)	(28)
General corporate expenses	(142)	(73)
Gain on sale of leasing business		52
Operating Income	\$ 10,248	\$ 8,894