2012 Third-Quarter Results

October 18, 2012
Introduction

- Unless otherwise stated, we will be talking about results for the third-quarter 2012 and comparing them with the same period in 2011
- References to PMI volumes refer to PMI shipment data, unless otherwise stated
- Industry volume and market shares are the latest data available from a number of internal and external sources
- Organic volume refers to volume excluding acquisitions
- Net revenues exclude excise taxes
- OCI stands for Operating Companies Income, which is defined as operating income before general corporate expenses and the amortization of intangibles. OCI growth rates are on an adjusted basis, which excludes asset impairment, exit and other costs
- Data tables showing adjustments to net revenues and OCI for currency, acquisitions, asset impairment, exit and other costs, free cash flow calculations, adjustments to EPS, and reconciliations to U.S. GAAP measures are at the end of today’s webcast slides and are posted on our web site
Forward-Looking and Cautionary Statements

- This presentation and related discussion contain forward-looking statements. Achievement of projected results is subject to risks, uncertainties and inaccurate assumptions, and PMI is identifying important factors that, individually or in the aggregate, could cause actual results to differ materially from those contained in any forward-looking statements made by PMI.

- PMI’s business risks include: significant increases in cigarette-related taxes; the imposition of discriminatory excise tax structures; fluctuations in customer inventory levels due to increases in product taxes and prices; increasing marketing and regulatory restrictions, often with the goal of preventing the use of tobacco products; health concerns relating to the use of tobacco products and exposure to environmental tobacco smoke; litigation related to tobacco use; intense competition; the effects of global and individual country economic, regulatory and political developments; changes in adult smoker behavior; lost revenues as a result of counterfeiting, contraband and cross-border purchases; governmental investigations; unfavorable currency exchange rates and currency devaluations; adverse changes in applicable corporate tax laws; adverse changes in the cost and quality of tobacco and other agricultural products and raw materials; and the integrity of its information systems. PMI’s future profitability may also be adversely affected should it be unsuccessful in its attempts to produce products with the potential to reduce the risk of smoking-related diseases; if it is unable to successfully introduce new products, promote brand equity, enter new markets or improve its margins through increased prices and productivity gains; if it is unable to expand its brand portfolio internally or through acquisitions and the development of strategic business relationships; or if it is unable to attract and retain the best global talent.

- PMI is further subject to other risks detailed from time to time in its publicly filed documents, including the Form 10-Q for the quarter ended June 30, 2012. PMI cautions that the foregoing list of important factors is not a complete discussion of all potential risks and uncertainties. PMI does not undertake to update any forward-looking statement that it may make from time to time, except in the normal course of its public disclosure obligations.
2012 EPS Guidance

- Narrowed 2012 reported diluted EPS guidance range to $5.12 to $5.18, compared to $4.85 in 2011
- New guidance includes:
  - 23 cents for unfavorable currency
  - 5 cents for tax charge
  - 2 cents for asset impairment and exit costs
- Excluding the impact of currency, tax charge and asset impairment and exit costs, new guidance represents a growth rate of approximately 11% to 12% compared to adjusted diluted EPS of $4.88 in 2011

Source: PMI forecasts
Q3, 2012: Very Difficult Comparisons due to Exceptional Results in Q3, 2011

### Q3, 2011 vs. PY Growth Rates

<table>
<thead>
<tr>
<th>Category</th>
<th>Growth Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic Cigarette Volume</td>
<td>4.4</td>
</tr>
<tr>
<td>Net Revenues (a)</td>
<td>15.7</td>
</tr>
<tr>
<td>Adjusted OCI (a)</td>
<td>23.7</td>
</tr>
<tr>
<td>Adjusted Diluted EPS(b)</td>
<td>33.0</td>
</tr>
</tbody>
</table>

### Q3, 2012 vs. PY Growth Rates

<table>
<thead>
<tr>
<th>Category</th>
<th>Growth Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organic Cigarette Volume</td>
<td>(1.3)</td>
</tr>
<tr>
<td>Net Revenues (a)</td>
<td>3.4</td>
</tr>
<tr>
<td>Adjusted OCI (a)</td>
<td>4.5</td>
</tr>
<tr>
<td>Adjusted Diluted EPS(b)</td>
<td>5.8</td>
</tr>
</tbody>
</table>

(a) Excluding currency and acquisitions
(b) Excluding currency
Source: PMI Financials
YTD Sept, 2012: Volume Growth and Strong Financial Results

YTD Sept, 2012 vs. PY

- Organic Cigarette Volume: 0.7%
- Net Revenues\(^{(a)}\): 5.4%
- Adjusted OCI\(^{(a)}\): 6.9%
- Adjusted Diluted EPS\(^{(b)}\): 10.9%

(a) Excluding currency and acquisitions
(b) Excluding currency

Source: PMI Financials
EU Region: Unemployment Depressing Cigarette Tax-Paid Volumes

Average Unemployment Rates in EU (%)

<table>
<thead>
<tr>
<th>Month</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 2011</td>
<td>9.7</td>
</tr>
<tr>
<td>May 2012</td>
<td>10.3</td>
</tr>
<tr>
<td>August 2012</td>
<td>10.5</td>
</tr>
</tbody>
</table>

Industry Volume Decline (%)  
Q3, 2012 vs. PY

<table>
<thead>
<tr>
<th>Country</th>
<th>Decline (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gre.</td>
<td>(15.9)</td>
</tr>
<tr>
<td>Spa.</td>
<td>(12.8)</td>
</tr>
<tr>
<td>Ita.</td>
<td>(10.1)</td>
</tr>
<tr>
<td>Port.</td>
<td>(8.9)</td>
</tr>
<tr>
<td>Pol.</td>
<td>(7.5)</td>
</tr>
<tr>
<td>Neth.</td>
<td>(5.9)</td>
</tr>
<tr>
<td>UK</td>
<td>(5.7)</td>
</tr>
<tr>
<td>Fra.</td>
<td>(4.6)</td>
</tr>
<tr>
<td>Cze.</td>
<td>(3.5)</td>
</tr>
<tr>
<td>Ger.</td>
<td>(2.0)</td>
</tr>
</tbody>
</table>

Note: Gre. is Greece, Spa. is Spain, Ita. is Italy, Port. is Portugal, Pol. is Poland, Neth. is Netherlands, UK is United Kingdom, Fra. is France, Cze. is Czech Republic and Ger. is Germany

Source: Eurostat and PMI estimates
Italy: PMI Share Growth in Cigarettes and Fine Cut

- Adult smokers switching to lower-taxed fine cut, and illicit trade
- Cigarette industry volume declined by 10.1% in Q3 2012, while fine cut increased by 41%
- PMI share growth in cigarettes, driven by Marlboro, and fine cut, driven by Chesterfield
- Illicit trade incidence in 2012 estimated at around 9%

Note: Cigs. is cigarettes, Chest. is Chesterfield and PM is Philip Morris
Source: PMI estimates
Germany: Moderate Decline in Cigarette Market

- Cigarette industry volume decline of just 2.0% in Q3, 2012, and fine cut increased by 2.3%
- Marlboro gained share in Q3, 2012 to reach 21.0% of the cigarette category

Note: Cigs. is cigarettes and Chest. is Chesterfield
Source: PMI estimates
EU Region: Good Underlying Business Performance But Tough Economic Conditions

- Organic cigarette volume decline of 8.1% in Q3, 2012
- Organic fine cut volume increased 15.2%
- *Marlboro* cigarette market share grew by 0.4 points to 18.4% in Q3, 2012, with gains in Belgium, Germany, Greece, Italy and across Central Europe, notably Poland
- *L&M* cigarette market share down by 0.2 points to 6.5%
- *Chesterfield* cigarette market share up 0.3 points to 3.5%
- PMI overall share stable in cigarettes at 38.1% and up by 0.6 points to 13.4% in fine cut
- Net revenues and adjusted OCI, excluding currency, declined by 1.9% and 2.9%, respectively, in Q3, 2012
- For full-year 2012, we expect to deliver a slight increase in profitability, excluding currency

Source: PMI Financials, PMI estimates and PMI forecasts
### Asia Region: Indonesia Volume Gains, but Difficult Comparisons in Japan and Korea

<table>
<thead>
<tr>
<th></th>
<th>% Change vs. Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q3, 2011</td>
</tr>
</tbody>
</table>

**Volume:**

- **Japan**
  - Q3, 2011: 47.1%
  - Q3, 2012: (13.4)%

- **Korea**
  - Q3, 2011: 22.4
  - Q3, 2012: (8.9)

- **Indonesia**
  - Q3, 2011: 22.5
  - Q3, 2012: 13.0

- **Total Asia Region**
  - Q3, 2011: 12.6
  - Q3, 2012: 0.6

**Adjusted OCI**(a)

- Q3, 2011: 75.1%
- Q3, 2012: 1.2%

---

(a) Excluding currency and acquisitions
Source: PMI Financials
Japan: Very Difficult Comparisons in Q3, 2012

- Industry volume declined 7.7% compared to the distorted Q3, 2011
- Full-year 2012 industry volume expected to be in line with 2011
- PMI share of 27.5% in Q3, 2012 reflects continued positive trend for *Marlboro*
- Full-year 2012 market share expected to be slightly below 2011 exit share of approximately 28%

Source: PMI estimates and Tobacco Institute of Japan
Indonesia: Unique Growth Opportunity for PMI

- Industry volume expected to grow 6-7% for full year
- PMI volume up a further 13.0% and share grew 3.3 points in Q3, 2012
- Decree 191 expected to be enforced by end of November

PMI Market Share (%)

<table>
<thead>
<tr>
<th></th>
<th>Q3, 2011</th>
<th>Q3, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total PMI</td>
<td>31.6</td>
<td>34.9</td>
</tr>
<tr>
<td>Marlboro</td>
<td>4.3</td>
<td>4.7</td>
</tr>
<tr>
<td>Other Kretek</td>
<td>15.1</td>
<td>16.5</td>
</tr>
<tr>
<td>Sampoerna A</td>
<td>12.2</td>
<td>13.7</td>
</tr>
</tbody>
</table>

PMI Market Share: 3.3pp

Price Segments (%)

<table>
<thead>
<tr>
<th></th>
<th>Q3, 2011</th>
<th>Q3, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium&lt;sup&gt;(a)&lt;/sup&gt;</td>
<td>24.9</td>
<td>27.4</td>
</tr>
<tr>
<td>Mid</td>
<td>49.2</td>
<td>49.9</td>
</tr>
<tr>
<td>Low</td>
<td>25.9</td>
<td>22.7</td>
</tr>
</tbody>
</table>

(a) Includes above premium
Source: PMI estimates and PMI Financials
Plain Packaging: Australia

- The High Court issued its reasoning on plain packaging law
- Despite the Court’s decision, 6 of the 7 judges recognized that plain packaging deprives tobacco companies of valuable intellectual property
- The recognition that plain packaging results in a deprivation of property raises serious questions about the legality of plain packaging legislation in other jurisdictions
- Ruling turned on the specific nature of the Australian Constitution
- The High Court did not rule on whether plain packaging will reduce smoking prevalence or whether plain packaging breaches Australia’s international trade and treaty obligations
- The High Court ruling also confirms that other ongoing international legal cases are strong
Plain Packaging: Other International Challenges

- Three countries have already initiated proceedings against Australia before the World Trade Organization
- PM Asia is suing the Australian government for multiple breaches of its Bilateral Investment Treaty with Hong Kong
- Decisions in these cases are expected within two to three years
- The international legal cases are strong, and there is still a long way before all the legal questions about plain packaging are fully explored and resolved
Latin America & Canada: Solid Share Momentum Despite Volume Decline

<table>
<thead>
<tr>
<th>PMI Market Shares</th>
<th>Q3, 2011</th>
<th>Q3, 2012</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>73.9%</td>
<td>75.0%</td>
<td>1.1pp</td>
</tr>
<tr>
<td>Brazil</td>
<td>13.3</td>
<td>14.8</td>
<td>1.5</td>
</tr>
<tr>
<td>Colombia</td>
<td>48.4</td>
<td>51.0</td>
<td>2.6</td>
</tr>
<tr>
<td>Mexico</td>
<td>73.2</td>
<td>73.6</td>
<td>0.4</td>
</tr>
</tbody>
</table>

- Strong Marlboro market share performance in Q3, 2012:
  - Brazil  +1.3pp to 8.2%
  - Colombia +1.1pp to 6.0%
  - Mexico  +0.8pp to 53.6%

Growth Q3, 2012 vs. PY

<table>
<thead>
<tr>
<th></th>
<th>Net Revenues (a)</th>
<th>Adjusted OCI (a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cigarette Volume</td>
<td>(6)</td>
<td>7.3</td>
</tr>
<tr>
<td></td>
<td>(4.9)</td>
<td>10.5</td>
</tr>
</tbody>
</table>

(a) Excluding currency
Source: PMI estimates and PMI Financials
EEMA Region: Excellent Results Driven by Russia

% Change vs. Prior Year

<table>
<thead>
<tr>
<th></th>
<th>Q3, 2011</th>
<th>Q3, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Volume:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Russia</td>
<td>(3.5)%</td>
<td>4.5 %</td>
</tr>
<tr>
<td>– Turkey</td>
<td>21.6</td>
<td>1.8</td>
</tr>
<tr>
<td>– Egypt</td>
<td>(19.9)</td>
<td>54.4</td>
</tr>
<tr>
<td>– Total EEMA Region</td>
<td>5.1</td>
<td>3.0</td>
</tr>
<tr>
<td><strong>Adjusted OCI</strong>(a)</td>
<td>13.8 %</td>
<td>17.3 %</td>
</tr>
</tbody>
</table>

(a) Excluding currency and acquisitions
Source: PMI Financials
Russia: PMI Market Share Momentum

- RUB 3/pack July tax-driven price increase
- Industry volume expected to be down slightly in full-year 2012
- PMI volume increased by 4.5% in Q3, 2012
- PMI share momentum continued, as we leverage investments in brands and infrastructure
- *Parliament*, *L&M*, *Bond Street* and *Next* key drivers of market share expansion

![PMI Market Share (%)](chart)

Source: PMI estimates, PMI Financials and Nielsen

- Government approved amendments to Tax Code in September
- 2013-2014 excise tax rates for cigarettes remain as per current Tax Code
- Duma to review by mid-November and vote by year-end

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ad Valorem Excise Tax (% of RSP)</td>
<td>7.5%</td>
<td>8.0%</td>
<td>8.5%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Change vs. Prior Year</td>
<td>0.5pp</td>
<td>0.5pp</td>
<td>0.5pp</td>
<td>0.5pp</td>
</tr>
<tr>
<td>Specific Excise Tax (RUB/000)</td>
<td>390</td>
<td>550</td>
<td>800</td>
<td>960</td>
</tr>
<tr>
<td>Growth -%</td>
<td>39.3%</td>
<td>41.0%</td>
<td>45.5%</td>
<td>20.0%</td>
</tr>
<tr>
<td>Minimum Excise Tax (RUB/000)</td>
<td>510</td>
<td>730</td>
<td>1,040</td>
<td>1,250</td>
</tr>
<tr>
<td>Growth -%</td>
<td>41.7%</td>
<td>43.1%</td>
<td>42.5%</td>
<td>20.2%</td>
</tr>
<tr>
<td>VAT</td>
<td>18%</td>
<td>18%</td>
<td>18%</td>
<td>18%</td>
</tr>
<tr>
<td>Pass-On (RUB/pack)(a)</td>
<td>4</td>
<td>6</td>
<td>9</td>
<td>6</td>
</tr>
</tbody>
</table>

Note: VAT is nominal
(a) 2012 pass-on represents full year
### Solid Marlboro Market Share Performance

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia(a)</td>
<td>5.8%</td>
<td>6.1%</td>
<td>6.4%</td>
<td>6.5%</td>
</tr>
<tr>
<td>EEMA</td>
<td>6.4</td>
<td>6.5</td>
<td>6.8</td>
<td>7.0</td>
</tr>
<tr>
<td>EU</td>
<td>18.4</td>
<td>18.2</td>
<td>18.0</td>
<td>18.2</td>
</tr>
<tr>
<td>LA&amp;C</td>
<td>13.8</td>
<td>14.1</td>
<td>13.8</td>
<td>14.3</td>
</tr>
<tr>
<td><strong>Total</strong>(a)(b)</td>
<td><strong>9.0</strong></td>
<td><strong>9.1</strong></td>
<td><strong>9.2</strong></td>
<td><strong>9.3</strong></td>
</tr>
</tbody>
</table>

(a) Excluding China  
(b) Also excluding the USA  
Source: PMI estimates
Parliament: Double-Digit Volume Increase

- Priced at a premium to Marlboro in most markets: superior margins
- Parliament volume increased by 10.7% in Q3, 2012, and by 9.4% YTD September, 2012
- Parliament gained share in four of its most important markets this year

(a) YTD August
Note: Kaz. is Kazakhstan
Source: PMI Financials, Nielsen, Hankook Research and PMI estimates
PMI Expanding its Market Share

Top 30 PMI OCI Markets\(^{(a)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Market Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>35.5</td>
</tr>
<tr>
<td>2011</td>
<td>36.6</td>
</tr>
<tr>
<td>YTD Sept, 2012</td>
<td>37.0</td>
</tr>
</tbody>
</table>

\(^{(a)}\) Excluding duty free

Note: Historical data adjusted for pro forma inclusion of business combination with Fortune Tobacco Corporation in the Philippines and Jordan acquisition

Source: PMI Financials and PMI estimates
Favorable Pricing Continued in Q3, 2012

Note: Variances at OCI level
Source: PMI Financials
## Margin Expansion

<table>
<thead>
<tr>
<th>Region</th>
<th>YTD Sept 2011</th>
<th>YTD Sept 2012(^{(a)})</th>
<th>Variance(^{(a)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>47.2 %</td>
<td>47.9 %</td>
<td>0.7 pp</td>
</tr>
<tr>
<td>EEMA</td>
<td>42.3</td>
<td>45.4</td>
<td>3.1</td>
</tr>
<tr>
<td>EU</td>
<td>51.0</td>
<td>50.2</td>
<td>(0.8)</td>
</tr>
<tr>
<td>LA&amp;C</td>
<td>32.0</td>
<td>32.1</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45.5</strong></td>
<td><strong>46.2</strong></td>
<td><strong>0.7</strong></td>
</tr>
</tbody>
</table>

\(^{(a)}\) Excluding currency and acquisitions  
Source: PMI Financials
Free Cash Flow\(^{(a)}\) Impacted by Currency and Working Capital Requirements

($ million)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9,000</td>
<td>379</td>
<td>(270)</td>
<td>(1,935)</td>
<td>(197)</td>
<td>75</td>
<td>7,052</td>
</tr>
</tbody>
</table>

(a) Free cash flow equals net cash provided by operating activities less capital expenditures
Source: PMI Financials
Very Significant Dividend Increases

2008 Aug 2008

$1.84

+17.4%

2008

2008 Sept 2009

+7.4%

2009

2010

2011

2012

Note: Dividends for 2008 and 2012 are annualized rates. 2008 annualized rate is based on a quarterly dividend of $0.46 per common share, declared June 18, 2008. The annualized rate for 2012 is based on a quarterly dividend of $0.85 per common share, declared September 12, 2012.

Source: PMI Financials
Share Repurchase Program

- In Q3, 2012, PMI spent $1.5 billion to repurchase 16.7 million shares
- Since March 2008 spin through end of September 2012, $25.9 billion spent to repurchase 466.6 million shares, representing 22.1% of shares outstanding at that time, at an average price of $55.49 per share
- Target for 2012 remains $6 billion

Source: PMI Financials
Conclusion

- Q3, 2012, as expected, a difficult quarter due to tough comparisons
- Confident to achieve 1% organic volume annual growth target for 2012 driven by strong performances in EEMA and Asia Regions
- Narrowed 2012 reported diluted EPS guidance range to $5.12 to $5.18, compared to $4.85 in 2011
- Excluding the impact of currency, tax charge and asset impairment and exit costs, new guidance represents a growth rate of approximately 11% to 12% compared to adjusted diluted EPS of $4.88 in 2011
- Remain steadfast in our commitment to deliver superior returns to our shareholders

Source: PMI Financials and PMI forecasts
2012 Third-Quarter Results

Questions & Answers
PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries
Reconciliation of Non-GAAP Measures

Adjustments for the Impact of Currency and Acquisitions
For the Quarters Ended September 30,
($ in millions)
(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th></th>
<th>2011</th>
<th></th>
<th>% Change in Reported Net Revenues excluding Excise Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported Net Revenues</td>
<td>$6,904</td>
<td>$4,779</td>
<td>$2,125</td>
<td>(334)</td>
<td>$2,459 European Union</td>
</tr>
<tr>
<td>Less Excise Taxes</td>
<td>5,125</td>
<td>2,918</td>
<td>2,207</td>
<td>(211)</td>
<td>2,411 EEMA</td>
</tr>
<tr>
<td>Reported Net Revenues excluding Excise Taxes</td>
<td>5,174</td>
<td>2,413</td>
<td>2,761</td>
<td>(104)</td>
<td>2,865 Asia</td>
</tr>
<tr>
<td>Less Currency</td>
<td>2,389</td>
<td>1,562</td>
<td>827</td>
<td>(62)</td>
<td>909 Latin America &amp; Canada</td>
</tr>
<tr>
<td>Reported Net Revenues excluding Currency &amp; Acquisitions</td>
<td>$19,592</td>
<td>$11,672</td>
<td>$7,920</td>
<td>(731)</td>
<td>$8,651 PMI Total</td>
</tr>
<tr>
<td>Less Acquisitions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th></th>
<th>2011</th>
<th></th>
<th>% Change in Reported Net Revenues excluding Excise Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported Operating Companies Income</td>
<td>$1,085</td>
<td>$1,106</td>
<td>$2</td>
<td>1,104</td>
<td>$1,236 European Union</td>
</tr>
<tr>
<td>Less Currency excluding Currency &amp; Acquisitions</td>
<td>1,047</td>
<td>(59)</td>
<td>2</td>
<td>1,104</td>
<td>EEMA</td>
</tr>
<tr>
<td>Reported Operating Companies Income excluding Currency &amp; Acquisitions</td>
<td>1,297</td>
<td>(9)</td>
<td>1,306</td>
<td>1,306</td>
<td>Asia</td>
</tr>
<tr>
<td>Less Acquisitions</td>
<td>267</td>
<td>(17)</td>
<td>284</td>
<td>284</td>
<td>Latin America &amp; Canada</td>
</tr>
<tr>
<td>Reported Operating Companies Income</td>
<td>$3,696</td>
<td>$3,932</td>
<td>$2</td>
<td>3,930</td>
<td>PMI Total</td>
</tr>
</tbody>
</table>

[Table data]
### Reconciliation of Non-GAAP Measures

#### For the Quarters Ended September 30, ($ in millions) (Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>% Change in Adjusted Operating Companies Income</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reported</strong></td>
<td>2012</td>
<td>2011</td>
<td></td>
</tr>
<tr>
<td>Operating Companies</td>
<td>1,085 $</td>
<td>1,273 $</td>
<td>(14.8)% (2.9)% (2.9)%</td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Less</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset Impairment &amp;</td>
<td>1,085 $</td>
<td>1,273 $</td>
<td>(14.8)% (2.9)% (2.9)%</td>
</tr>
<tr>
<td>Exit Costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted</strong></td>
<td>1,236 $</td>
<td>1,236 $</td>
<td>50.3% 50.3% 50.3%</td>
</tr>
<tr>
<td>Operating Companies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Less</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency</td>
<td>1,236 $</td>
<td>1,236 $</td>
<td>50.3% 50.3% 50.3%</td>
</tr>
<tr>
<td>Acquisitions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted</strong></td>
<td>1,236 $</td>
<td>1,236 $</td>
<td>50.3% 50.3% 50.3%</td>
</tr>
<tr>
<td>Operating Companies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Revenues</strong></td>
<td>2,459 $</td>
<td>2,506 $</td>
<td>50.8% (0.5) (0.5)</td>
</tr>
<tr>
<td>excluding Excise Taxes &amp; Currency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted</strong></td>
<td>2,459 $</td>
<td>2,506 $</td>
<td>50.8% (0.5) (0.5)</td>
</tr>
<tr>
<td>Operating Companies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income Margin excluding Currency</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Revenues</strong></td>
<td>3,966 $</td>
<td>3,964 $</td>
<td>45.4% 0.4 0.5</td>
</tr>
<tr>
<td>excluding Excise Taxes, Currency &amp; Acquisitions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted</strong></td>
<td>3,966 $</td>
<td>3,964 $</td>
<td>45.4% 0.4 0.5</td>
</tr>
<tr>
<td>Operating Companies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income Margin</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(a) For the calculation of net revenues excluding excise taxes, currency and acquisitions, refer to previous slide
Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS, excluding Currency
For the Quarters Ended September 30,
(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported Diluted EPS</td>
<td>1.32</td>
<td>1.35</td>
<td>(2.2)%</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset impairment and exit costs</td>
<td>0.01</td>
<td>0.02</td>
<td></td>
</tr>
<tr>
<td>Tax items</td>
<td>0.05</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Adjusted Diluted EPS</td>
<td>1.38</td>
<td>1.37</td>
<td>0.7%</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency impact</td>
<td></td>
<td>(0.07)</td>
<td></td>
</tr>
<tr>
<td>Adjusted Diluted EPS, excluding Currency</td>
<td>1.45</td>
<td>1.37</td>
<td>5.8%</td>
</tr>
</tbody>
</table>
Reconciliation of Reported Diluted EPS to Reported Diluted EPS, excluding Currency
For the Quarters Ended September 30,
(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported Diluted EPS</td>
<td>$1.32</td>
<td>$1.35</td>
<td>(2.2)%</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency impact</td>
<td>(0.07)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported Diluted EPS, excluding Currency</td>
<td>$1.39</td>
<td>$1.35</td>
<td>3.0%</td>
</tr>
</tbody>
</table>
Reconciliation of Non-GAAP Measures

Adjustments for the Impact of Currency and Acquisitions
For the Nine Months Ended September 30, 2012
($ in millions) (Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>% Change in Reported Net Revenues excluding Excise Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reported Net Revenues</td>
<td>Reported Net Revenues</td>
<td>Reported Net Revenues excluding Excise Taxes, Currency &amp; Acquisitions</td>
</tr>
<tr>
<td></td>
<td>Less Excise Taxes</td>
<td>Reported Net Revenues excluding Excise Taxes</td>
<td>Less Acquisitions</td>
</tr>
<tr>
<td></td>
<td>$ 20,654 $</td>
<td>$ 22,650 $</td>
<td>$ 7,046 European Union</td>
</tr>
<tr>
<td>2012</td>
<td>14,191 $</td>
<td>15,646 $</td>
<td>7,004</td>
</tr>
<tr>
<td></td>
<td>$ 14,256 $</td>
<td>$ 13,195 $</td>
<td>$ 6,577 EEMA</td>
</tr>
<tr>
<td></td>
<td>8,083 $</td>
<td>7,275 $</td>
<td>6,193</td>
</tr>
<tr>
<td></td>
<td>$ 15,668 $</td>
<td>$ 14,577 $</td>
<td>$ 8,452 Asia</td>
</tr>
<tr>
<td></td>
<td>7,275 $</td>
<td>6,519 $</td>
<td>2,455</td>
</tr>
<tr>
<td></td>
<td>$ 7,073 $</td>
<td>$ 7,048 $</td>
<td>$ 2,611 Latin America &amp; Canada</td>
</tr>
<tr>
<td></td>
<td>4,634 $</td>
<td>4,593 $</td>
<td>8,451</td>
</tr>
<tr>
<td>European Union</td>
<td>7,046 $</td>
<td>$ 7,004 $</td>
<td>$ 6,577 EEMA</td>
</tr>
<tr>
<td></td>
<td>$ 57,651 $</td>
<td>$ 57,470 $</td>
<td>$ 24,685 PMI Total</td>
</tr>
<tr>
<td></td>
<td>$ 34,163 $</td>
<td>$ 34,044 $</td>
<td>23,426</td>
</tr>
<tr>
<td></td>
<td>$ 23,488 $</td>
<td>$ 23,426 $</td>
<td>23,426</td>
</tr>
<tr>
<td></td>
<td>$ 24,713 $</td>
<td>$ 24,665 $</td>
<td>$ 24,685 PMI Total</td>
</tr>
<tr>
<td></td>
<td>28 $</td>
<td>28 $</td>
<td>28 $</td>
</tr>
<tr>
<td></td>
<td>% Change in Reported Operating Companies Income</td>
<td>% Change in Reported Operating Companies Income</td>
<td>% Change in Reported Operating Companies Income</td>
</tr>
<tr>
<td></td>
<td>2012</td>
<td>2011</td>
<td>Reported excluding Excise Taxes, Currency &amp; Acquisitions</td>
</tr>
<tr>
<td></td>
<td>Reported Operating Companies Income</td>
<td>Reported Operating Companies Income</td>
<td>Reported Operating Companies Income excluding Currency &amp; Acquisitions</td>
</tr>
<tr>
<td></td>
<td>Less Currency</td>
<td>Less Currency</td>
<td>Less Acquisitions</td>
</tr>
<tr>
<td>2012</td>
<td>$ 3,232 $</td>
<td>(306) $</td>
<td>$ 3,538 European Union</td>
</tr>
<tr>
<td></td>
<td>(183) $</td>
<td>$ 3,538 $</td>
<td>$ 3,538 European Union</td>
</tr>
<tr>
<td></td>
<td>2,805 $</td>
<td>4 $</td>
<td>2,984 EEMA</td>
</tr>
<tr>
<td></td>
<td>47 $</td>
<td>4 $</td>
<td>4,021</td>
</tr>
<tr>
<td></td>
<td>4,068 $</td>
<td>47 $</td>
<td>4,021</td>
</tr>
<tr>
<td></td>
<td>753 $</td>
<td>(59) $</td>
<td>812</td>
</tr>
<tr>
<td></td>
<td>774 $</td>
<td>812 $</td>
<td>812</td>
</tr>
<tr>
<td></td>
<td>$ 7,048 $</td>
<td>$ 7,048 $</td>
<td>$ 7,048</td>
</tr>
<tr>
<td></td>
<td>$ 10,858 $</td>
<td>$ 10,858 $</td>
<td>$ 10,858 PMI Total</td>
</tr>
<tr>
<td></td>
<td>$ (501) $</td>
<td>$ 11,359 $</td>
<td>$ 11,355 PMI Total</td>
</tr>
<tr>
<td></td>
<td>4 $</td>
<td>4 $</td>
<td>4 $</td>
</tr>
<tr>
<td></td>
<td>% Change in Reported Operating Companies Income</td>
<td>% Change in Reported Operating Companies Income</td>
<td>% Change in Reported Operating Companies Income</td>
</tr>
<tr>
<td></td>
<td>2012</td>
<td>2011</td>
<td>Reported excluding Excise Taxes, Currency &amp; Acquisitions</td>
</tr>
<tr>
<td></td>
<td>Reported Operating Companies Income</td>
<td>Reported Operating Companies Income</td>
<td>Reported Operating Companies Income excluding Currency &amp; Acquisitions</td>
</tr>
<tr>
<td></td>
<td>Less Currency</td>
<td>Less Currency</td>
<td>Less Acquisitions</td>
</tr>
<tr>
<td>2011</td>
<td>$ 3,548 $</td>
<td>(9.3) $</td>
<td>(9.3) $</td>
</tr>
<tr>
<td></td>
<td>(0.3) $</td>
<td>$ 3,456 $</td>
<td>$ 3,456</td>
</tr>
<tr>
<td></td>
<td>(0.3) $</td>
<td>13.0%</td>
<td>13.0%</td>
</tr>
<tr>
<td></td>
<td>(20.2) %</td>
<td>20.4%</td>
<td>20.2%</td>
</tr>
<tr>
<td></td>
<td>(6.4) %</td>
<td>6.4%</td>
<td>6.4%</td>
</tr>
<tr>
<td></td>
<td>(5.4) %</td>
<td>5.5%</td>
<td>5.4%</td>
</tr>
<tr>
<td></td>
<td>(7.1) %</td>
<td>7.1%</td>
<td>7.1%</td>
</tr>
<tr>
<td></td>
<td>(7.1) %</td>
<td>7.1%</td>
<td>7.1%</td>
</tr>
</tbody>
</table>

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries
Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income &
Reconciliation of Adjusted Operating Companies Income Margin, excluding Currency and Acquisitions

For the Nine Months Ended September 30,
($ in millions)
(Unaudited)

<table>
<thead>
<tr>
<th>Adjusted Operating Companies Income</th>
<th>Net Revenues excluding Excise Taxes &amp; Currency</th>
<th>Adjusted Operating Companies Income Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported Operating Companies Income</td>
<td>Less Asset Impairment &amp; Exit Costs</td>
<td>Adjusted Operating Companies Income</td>
</tr>
<tr>
<td>$3,232</td>
<td>$ -</td>
<td>$3,232</td>
</tr>
<tr>
<td>2,805</td>
<td>-</td>
<td>2,805</td>
</tr>
<tr>
<td>4,068</td>
<td>(24)</td>
<td>4,092</td>
</tr>
<tr>
<td>753</td>
<td>(26)</td>
<td>779</td>
</tr>
<tr>
<td>$10,858</td>
<td>$ -</td>
<td>$10,908</td>
</tr>
<tr>
<td>$3,538</td>
<td>$ -</td>
<td>$3,538</td>
</tr>
<tr>
<td>2,482</td>
<td>(18)</td>
<td>2,500</td>
</tr>
<tr>
<td>3,800</td>
<td>(7)</td>
<td>3,807</td>
</tr>
<tr>
<td>774</td>
<td>(12)</td>
<td>786</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Adjusted Operating Companies Income</th>
<th>Net Revenues excluding Excise Taxes &amp; Currency</th>
<th>Adjusted Operating Companies Income Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>$11,409</td>
<td>$24,713</td>
<td>46.2%</td>
</tr>
<tr>
<td>$11,405</td>
<td>$24,685</td>
<td>46.2%</td>
</tr>
<tr>
<td>$10,664</td>
<td>$23,426</td>
<td>45.5%</td>
</tr>
</tbody>
</table>

% Points Change

<table>
<thead>
<tr>
<th>% Points Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.3% 7.0% 6.9%</td>
</tr>
</tbody>
</table>

(a) For the calculation of net revenues excluding excise taxes, currency and acquisitions, refer to previous slide
## Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS, excluding Currency

For the Nine Months Ended September 30, 2012
(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported Diluted EPS</td>
<td>$3.92</td>
<td>$3.76</td>
<td>4.3%</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset impairment and exit costs</td>
<td>0.02</td>
<td>0.03</td>
<td></td>
</tr>
<tr>
<td>Tax items</td>
<td>0.05</td>
<td>(0.02)</td>
<td></td>
</tr>
<tr>
<td>Adjusted Diluted EPS</td>
<td>$3.99</td>
<td>$3.77</td>
<td>5.8%</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency impact</td>
<td></td>
<td>(0.19)</td>
<td></td>
</tr>
<tr>
<td>Adjusted Diluted EPS, excluding Currency</td>
<td>$4.18</td>
<td>$3.77</td>
<td>10.9%</td>
</tr>
</tbody>
</table>
Reconciliation of Reported Diluted EPS to Reported Diluted EPS, excluding Currency
For the Nine Months Ended September 30,
(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported Diluted EPS</td>
<td>$3.92</td>
<td>$3.76</td>
<td>4.3%</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency impact</td>
<td>(0.19)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported Diluted EPS, excluding Currency</td>
<td>$4.11</td>
<td>$3.76</td>
<td>9.3%</td>
</tr>
</tbody>
</table>
PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries
Reconciliation of Non-GAAP Measures

Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS
For the Year Ended December 31,
(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported Diluted EPS</td>
<td>$ 4.85</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
</tr>
<tr>
<td>Asset impairment and exit costs</td>
<td>0.05</td>
</tr>
<tr>
<td>Tax items</td>
<td>(0.02)</td>
</tr>
<tr>
<td>Adjusted Diluted EPS</td>
<td>$ 4.88</td>
</tr>
</tbody>
</table>
Reconciliation of Operating Cash Flow to Free Cash Flow and Free Cash Flow, excluding Currency
For the Quarters and Nine Months Ended September 30,
($ in millions)
(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>For the Quarters Ended September 30,</th>
<th>% Change</th>
<th>For the Nine Months Ended September 30,</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2011</td>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>Net cash provided by operating activities(a)</td>
<td>$2,393</td>
<td>$3,053</td>
<td>(21.6)%</td>
<td>$7,771</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>243</td>
<td>223</td>
<td>(719)</td>
<td>568</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>$2,150</td>
<td>$2,830</td>
<td>(24.0)%</td>
<td>$7,052</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency impact</td>
<td>169</td>
<td></td>
<td>(139)</td>
<td>(270)</td>
</tr>
<tr>
<td>Free cash flow, excluding currency</td>
<td>$1,981</td>
<td>$2,830</td>
<td>(30.0)%</td>
<td>$7,322</td>
</tr>
</tbody>
</table>

(a) Operating Cash Flow
PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries
Reconciliation of Non-GAAP Measures

Adjustments for the Impact of Currency and Acquisitions
For the Quarters Ended September 30,
($ in millions)
(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th></th>
<th>2010</th>
<th></th>
<th>% Change in Reported Net Revenues excluding Excise Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reported Net</td>
<td>Less</td>
<td>Reported Net</td>
<td>Less</td>
<td>Reported Net</td>
</tr>
<tr>
<td></td>
<td>Revenues</td>
<td>Excise Taxes</td>
<td>Revenues</td>
<td>Excise Taxes</td>
<td>Revenues</td>
</tr>
<tr>
<td></td>
<td>including</td>
<td></td>
<td>including</td>
<td></td>
<td>excluding</td>
</tr>
<tr>
<td></td>
<td>Excise Taxes</td>
<td></td>
<td>Currency</td>
<td></td>
<td>Currency &amp; Acquisitions</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>European Union</td>
<td>$ 8,155</td>
<td>$ 5,649</td>
<td>$ 2,506</td>
<td>$ 321</td>
<td>$ 2,185</td>
</tr>
<tr>
<td>EEMA</td>
<td>4,921</td>
<td>2,711</td>
<td>2,210</td>
<td>89</td>
<td>2,121</td>
</tr>
<tr>
<td>Asia</td>
<td>5,143</td>
<td>2,344</td>
<td>2,799</td>
<td>248</td>
<td>2,551</td>
</tr>
<tr>
<td>Latin America &amp; Canada</td>
<td>2,487</td>
<td>1,640</td>
<td>847</td>
<td>39</td>
<td>808</td>
</tr>
<tr>
<td>PMI Total</td>
<td>$ 20,706</td>
<td>$ 12,344</td>
<td>$ 8,362</td>
<td>$ 697</td>
<td>$ 7,665</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th></th>
<th>2010</th>
<th></th>
<th>% Change in Reported Operating Companies Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reported</td>
<td>Less</td>
<td>Reported</td>
<td>Less</td>
<td>Reported</td>
</tr>
<tr>
<td></td>
<td>Operating</td>
<td>Excise Taxes</td>
<td>Operating</td>
<td>Excise Taxes</td>
<td>excluding</td>
</tr>
<tr>
<td></td>
<td>Companies</td>
<td></td>
<td>Companies</td>
<td></td>
<td>Currency &amp; Acquisitions</td>
</tr>
<tr>
<td></td>
<td>Income</td>
<td></td>
<td>Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>European Union</td>
<td>$ 1,262</td>
<td>$ 105</td>
<td>$ 1,157</td>
<td>$ -</td>
<td>$ 1,157</td>
</tr>
<tr>
<td>EEMA</td>
<td>925</td>
<td>(32)</td>
<td>957</td>
<td>(13)</td>
<td>970</td>
</tr>
<tr>
<td>Asia</td>
<td>1,309</td>
<td>104</td>
<td>1,205</td>
<td>2</td>
<td>1,203</td>
</tr>
<tr>
<td>Latin America &amp; Canada</td>
<td>255</td>
<td>-</td>
<td>255</td>
<td>-</td>
<td>255</td>
</tr>
<tr>
<td>PMI Total</td>
<td>$ 3,751</td>
<td>$ 177</td>
<td>$ 3,574</td>
<td>(11)</td>
<td>$ 3,585</td>
</tr>
</tbody>
</table>

% Change
- Reported Net Revenues: 2011 vs 2010
  - European Union: 17.2%
  - EEMA: 16.8%
  - Asia: 52.7%
  - Latin America & Canada: 15.5%
  - PMI Total: 26.4%

- Reported Operating Companies Income: 2011 vs 2010
  - European Union: 13.4%
  - EEMA: 8.1%
  - Asia: 89.7%
  - Latin America & Canada: 4.5%
  - PMI Total: 29.2%
# PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures

Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income & Reconciliation of Adjusted Operating Companies Income Margin, excluding Currency and Acquisitions

For the Quarters Ended September 30, ($ in millions) (Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th></th>
<th>2010</th>
<th></th>
<th>2011</th>
<th></th>
<th>2010</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported</td>
<td>Less</td>
<td>Adjusted</td>
<td>Less</td>
<td>Adjusted</td>
<td>Less</td>
<td>Adjusted</td>
<td>Less</td>
<td>Adjusted</td>
</tr>
<tr>
<td>Operating</td>
<td>Asset</td>
<td>Operating</td>
<td>Currency</td>
<td>Operating</td>
<td>Currency</td>
<td>Operating</td>
<td>Currency</td>
<td>Operating</td>
</tr>
<tr>
<td>Companies</td>
<td>Impairment &amp; Exit Costs</td>
<td>Companies</td>
<td>Income</td>
<td>Companies</td>
<td>Income</td>
<td>Companies</td>
<td>Income</td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td>Exit Costs</td>
<td>Income</td>
<td>Currency</td>
<td>Income</td>
<td>Currency</td>
<td>Income</td>
<td>Currency</td>
<td></td>
</tr>
<tr>
<td>$1,262</td>
<td>$ (11)</td>
<td>$ 1,273</td>
<td>$ 105</td>
<td>$ 1,168</td>
<td>$ -</td>
<td>$ 1,168</td>
<td>European Union</td>
<td></td>
</tr>
<tr>
<td>925</td>
<td>(16)</td>
<td>941</td>
<td>(32)</td>
<td>973</td>
<td>(1)</td>
<td>974</td>
<td>EEMA</td>
<td></td>
</tr>
<tr>
<td>1,309</td>
<td>(5)</td>
<td>1,314</td>
<td>104</td>
<td>1,210</td>
<td>2</td>
<td>1,208</td>
<td>Asia</td>
<td></td>
</tr>
<tr>
<td>255</td>
<td>(11)</td>
<td>266</td>
<td>-</td>
<td>266</td>
<td>-</td>
<td>266</td>
<td>Latin America &amp; Canada</td>
<td></td>
</tr>
<tr>
<td>3,751$</td>
<td>(43)</td>
<td>3,794</td>
<td>$ 177</td>
<td>3,617</td>
<td>$ 1</td>
<td>3,616</td>
<td>PMI Total</td>
<td></td>
</tr>
<tr>
<td>925</td>
<td>(16)</td>
<td>941</td>
<td>(32)</td>
<td>973</td>
<td>(1)</td>
<td>974</td>
<td>EEMA</td>
<td></td>
</tr>
<tr>
<td>1,309</td>
<td>(5)</td>
<td>1,314</td>
<td>104</td>
<td>1,210</td>
<td>2</td>
<td>1,208</td>
<td>Asia</td>
<td></td>
</tr>
<tr>
<td>255</td>
<td>(11)</td>
<td>266</td>
<td>-</td>
<td>266</td>
<td>-</td>
<td>266</td>
<td>Latin America &amp; Canada</td>
<td></td>
</tr>
<tr>
<td>3,617$</td>
<td>2,175</td>
<td>3,617</td>
<td>735</td>
<td>3,617</td>
<td>735</td>
<td>3,617</td>
<td>PMI Total</td>
<td></td>
</tr>
</tbody>
</table>

% Points Change

<table>
<thead>
<tr>
<th>2010</th>
<th>2011</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.4%</td>
<td>3.1%</td>
<td>3.1%</td>
<td>3.1%</td>
</tr>
<tr>
<td>9.9%</td>
<td>13.7%</td>
<td>13.8%</td>
<td>13.8%</td>
</tr>
<tr>
<td>90.4%</td>
<td>75.4%</td>
<td>75.1%</td>
<td>75.1%</td>
</tr>
<tr>
<td>9.0%</td>
<td>9.0%</td>
<td>9.0%</td>
<td>9.0%</td>
</tr>
<tr>
<td>29.8%</td>
<td>23.7%</td>
<td>23.7%</td>
<td>23.7%</td>
</tr>
</tbody>
</table>

% Change in Adjusted Operating Companies Income

For the calculation of net revenues excluding excise taxes, currency and acquisitions, refer to previous slide.

41
## PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries
Reconciliation of Non-GAAP Measures

Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS, excluding Currency

*For the Quarters Ended September 30,*

(***Unaudited***)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reported Diluted EPS</strong></td>
<td>$1.35</td>
<td>$0.99</td>
<td>36.4%</td>
</tr>
<tr>
<td><strong>Adjustments:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset impairment and exit costs</td>
<td>0.02</td>
<td>0.01</td>
<td></td>
</tr>
<tr>
<td>Tax items</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted Diluted EPS</strong></td>
<td>$1.37</td>
<td>$1.00</td>
<td>37.0%</td>
</tr>
<tr>
<td><strong>Less:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency impact</td>
<td>0.04</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted Diluted EPS, excluding Currency</strong></td>
<td>$1.33</td>
<td>$1.00</td>
<td>33.0%</td>
</tr>
</tbody>
</table>
2012 Third-Quarter Results

October 18, 2012