



PHILIP MORRIS INTERNATIONAL

2010 Second-Quarter Earnings Results

July 22, 2010



Introduction

- Unless otherwise stated, we will be talking about results in the second-quarter 2010 and comparing them with the same period in 2009
- 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
- Net revenues exclude excise taxes
- “Acquisitions”, for the purposes of this presentation, also include our business combination with Fortune Tobacco Corporation in the Philippines
- Data tables showing adjustments to net revenues and Operating Companies Income, or “OCI”, for currency, acquisitions, asset impairment and exit costs, adjustments to EPS, free cash flow calculations, and reconciliations to U.S. GAAP measures are at the end of today’s web cast slides and are posted on our web site



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-Q for the quarter ended March 31, 2010, filed with the Securities and Exchange Commission.



PMI Results

- Strong financial performance in Q2, 2010
- Results in line with, or above, all our constant currency mid to long-term annual financial growth targets:

	<u>Growth Targets^(b)</u>	<u>Q2, 2010 Results^(b)</u>	<u>H1, 2010 Results^(b)</u>
Net Revenues	4 – 6%	5.3%	5.7%
Adjusted OCI ^(a)	6 – 8%	7.4%	8.0%
Adjusted Diluted EPS	10 – 12%	16.9%	16.0%

(a) OCI stands for Operating Companies Income, which is defined as operating income before general corporate expenses and the amortization of intangibles. Q2 and H1, 2010, OCI growth rates are on an adjusted basis which excludes asset impairment, exit and other costs

(b) All financial growth rates exclude currency. Net revenues and OCI growth rates also exclude acquisitions

Source: PMI Financials



2010 EPS Guidance

- On 23 June, PMI established a 2010 reported diluted EPS guidance of \$3.70 to \$3.80, based on then prevailing exchange rates
- Since then, the Euro has strengthened against the US Dollar
- At currently prevailing exchange rates, we expect to achieve a 2010 reported diluted EPS of \$3.75 to \$3.85
- Guidance represents a reported diluted EPS growth rate of 16% to 19% compared to \$3.24 in 2009, and approximately 14% to 17% excluding currency

PMI Results



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	<u>2010 Results</u> <u>(units billions)</u>	<u>% Growth</u> <u>2010 vs. 2009</u>	
		<u>Actual</u>	<u>Excl.</u> <u>Acquisitions</u>
Cigarette Volume:			
- Second Quarter	241.0	8.0 %	0.3 %
- First Half	445.7	4.5	(1.0)



Japan – Timing of Shipments

- Shipments in Q2, 2010, boosted by build-up of stocks at our distributor in Japan
- Inventories at distributor were approximately 3.4 billion units higher at end of June 2010 compared to prior year
- Current stock levels sufficient to meet forecasted higher demand ahead of the October tax/price increases
- Depletion of stock levels will depress PMI shipments to Japan in the second half of 2010
- PMI expects the revaluation of inventories held by our distributor on 1 October to benefit our income in Q4, 2010



PMI Leading International Brands

(% volume variance Q2, 2010 vs. Q2, 2009)

Premium & Above

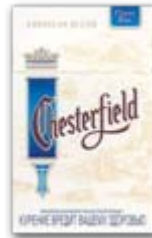


+2.3%

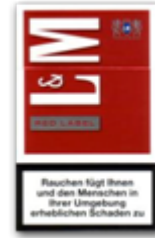


-0.5%

Mid-Price



+6.2%



-0.1%



+7.4%



+16.2%

Low-Price



+16.4%



+6.6%

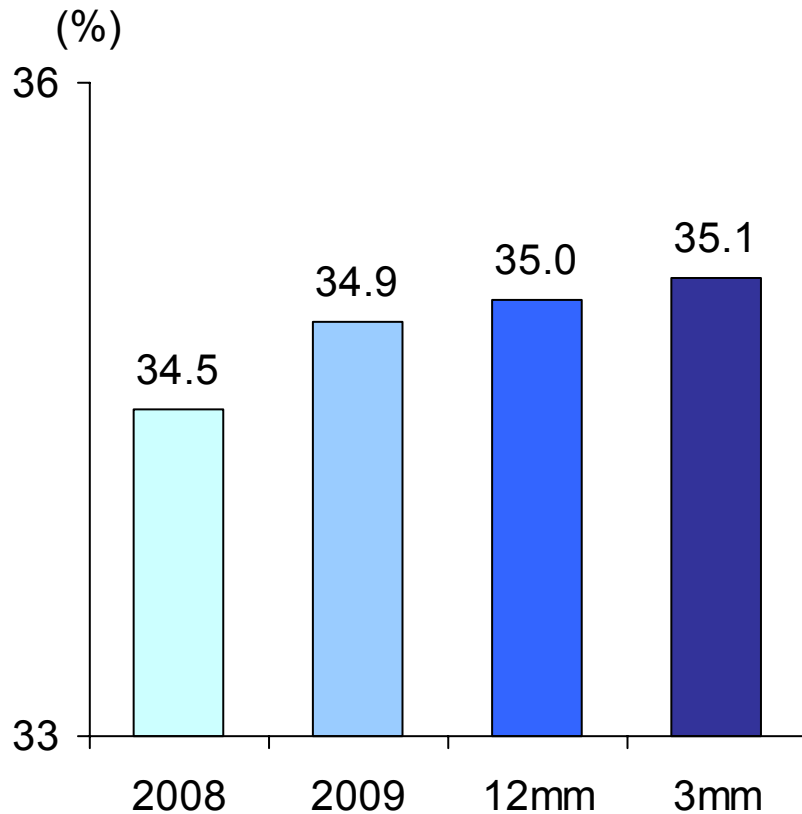
Note: The top ten PMI international brands also includes *Muratti* and *Red & White*

Source: PMI Financials

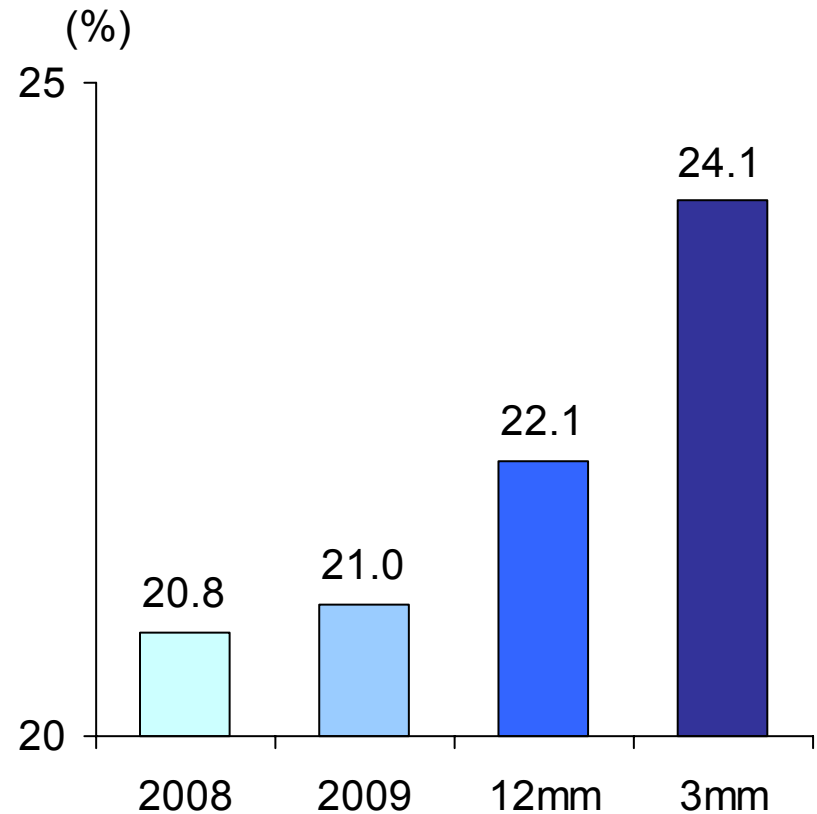


PMI Market Share Trends

OECD markets^(a)



Non-OECD markets^(b)



(a) Excluding USA and duty-free

(b) Excluding PRC and duty-free

Note: For definition of OECD countries, refer to PMI's Registration Statement on Form 10, Information Statement (page 68) dated March 7, 2008

Source: PMI estimates

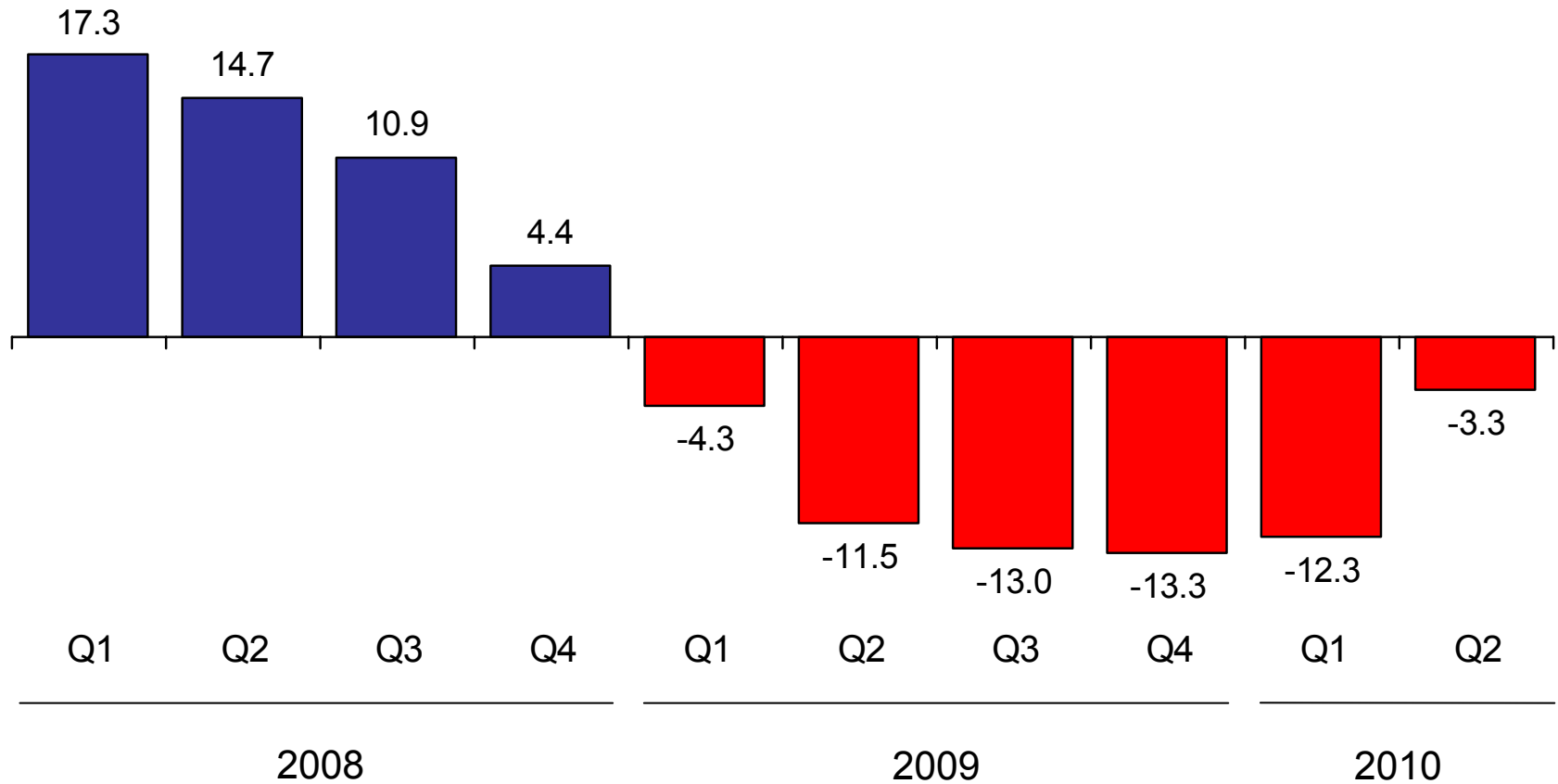
- PMI market share up 0.2pp to 25.5% in Q2, 2010, versus previous year:
 - *Parliament* stable share / volume up
 - *Chesterfield* gained 0.3pp
 - *Bond Street* up 1.3pp
- *Bond Street* now mostly gaining share from competitive brands in the same price segment
- PMI volume grew by 4.9% in Q2, 2010
- Total market stabilizing





Russia – Downtrading Moderating

PMI Premium Volume ex-Distributor vs. PY





Global Market Trends

- PMI growing premium volume in several emerging markets
- Improvements in emerging economies faster than in Europe
- Increased employment levels key to global resumption in consumer uptrading
- Illicit trade attracting price sensitive consumers



Pricing

- In 2010, PMI has implemented price increases notably in:

EU	EEMA	Asia	LA & Canada
Greece	Algeria	Australia	Argentina
Poland	Egypt	Indonesia	Brazil
Portugal	Romania	Pakistan	Canada
Spain	Russia	Singapore	Ecuador
Switzerland	Turkey		Mexico
UK	Ukraine		

- Pricing variance was \$341 million in Q2, 2010



Japan – Pricing

- Ministry of Finance has approved Japan Tobacco's price increase submission
- JT to increase retail prices of key brands by 100-140 Yen per pack in October
- Excise tax pass-on is 82 Yen per pack
- PMI's distributor has submitted a new price list request to the Ministry of Finance



Taxation and Pricing

- Higher taxes in Australia and Spain more than offset by pricing
- Reinforced Minimum Excise Tax system introduced in Italy



Taxation and Pricing – Greece

- Unfavorable tax structure resulted in partial absorption of tax increases in Greece on *Marlboro*:

(€ / 20)	<u>Dec 1, 2009 Retail Prices</u>	Tax Increases <u>Pass-on</u>	<u>May 1, 2010</u>	
			<u>Assuming Full Pass-on</u>	<u>Actual Retail Prices</u>
<i>Marlboro</i> (premium)	3.20	1.75	4.95	3.80
Lowest priced brands	2.00	0.50	2.50	2.40
Gap	1.20	1.25	2.45	1.40

- Marlboro* nevertheless under pressure
- Re-launched *L&M* reached 6.1% market share in June
- Greece a considerable drag on PMI's EU Region OCI

PMI Results



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	2010 Results (\$ billions)	% Growth 2010 vs. 2009	
		<u>Actual</u>	<u>Excl. Currency and Acquisitions</u>
Net Revenues:			
- Second Quarter	7.1	15.1 %	5.3 %
- First Half	13.6	15.6	5.7



PMI Results

	2010 Results (\$ billions)	% Growth 2010 vs. 2009	
		<u>Actual</u>	<u>Excl. Currency and Acquisitions</u>
Net Revenues:			
- Second Quarter	7.1	15.1 %	5.3 %
- First Half	13.6	15.6	5.7
Adjusted OCI: ^(a)			
- Second Quarter	3.0	13.3 %	7.4 %
- First Half	5.7	15.1	8.0

(a) Excludes asset impairment, exit and other costs
Source: PMI Financials



EU Region

- Net revenues down 1.2%, excluding currency
- OCI down 0.3%, excluding currency
- Cigarette volume down 6.2%, of which over three quarters is attributable to lower total markets
- Key business drivers:
 - Market decline and partial tax absorption in Greece
 - Continued double-digit market decline and downtrading in Spain
 - Lower market share in Germany, though now stabilizing
 - Increasing market share for *L&M*
 - Higher prices across all key markets



EEMA Region

- Cigarette volume up 1.6%
- Net revenues up 8.2%, excluding currency and acquisitions
- OCI up 16.9%, excluding currency and acquisitions
- Key business drivers:
 - Higher volumes, shares and prices in Russia
 - Strong business momentum in North Africa
 - Impact of large tax-driven price increases in Turkey



Asia Region

- Cigarette volume up 5.2%, excluding acquisitions
- Net revenues up 11.5%, excluding currency and acquisitions
- OCI up 14.7%, excluding currency and acquisitions
- Key business drivers:
 - Philippines business combination
 - Inventory build-up in Japan
 - Pricing in many key markets
 - Strong business momentum in Korea
 - Slower market growth in Indonesia and lower volume in Pakistan
 - Strength of *Marlboro*, supported by new architecture and innovation



LA&C Region

- Cigarette volume up 0.9%
- Net revenues up 6.1%, excluding currency
- Adjusted OCI^(a) up 0.5%, excluding currency
- Key business drivers:
 - Lower contraband in Canada
 - Strong share performance in Argentina and Mexico
 - Higher leaf and manufacturing costs

PMI Results



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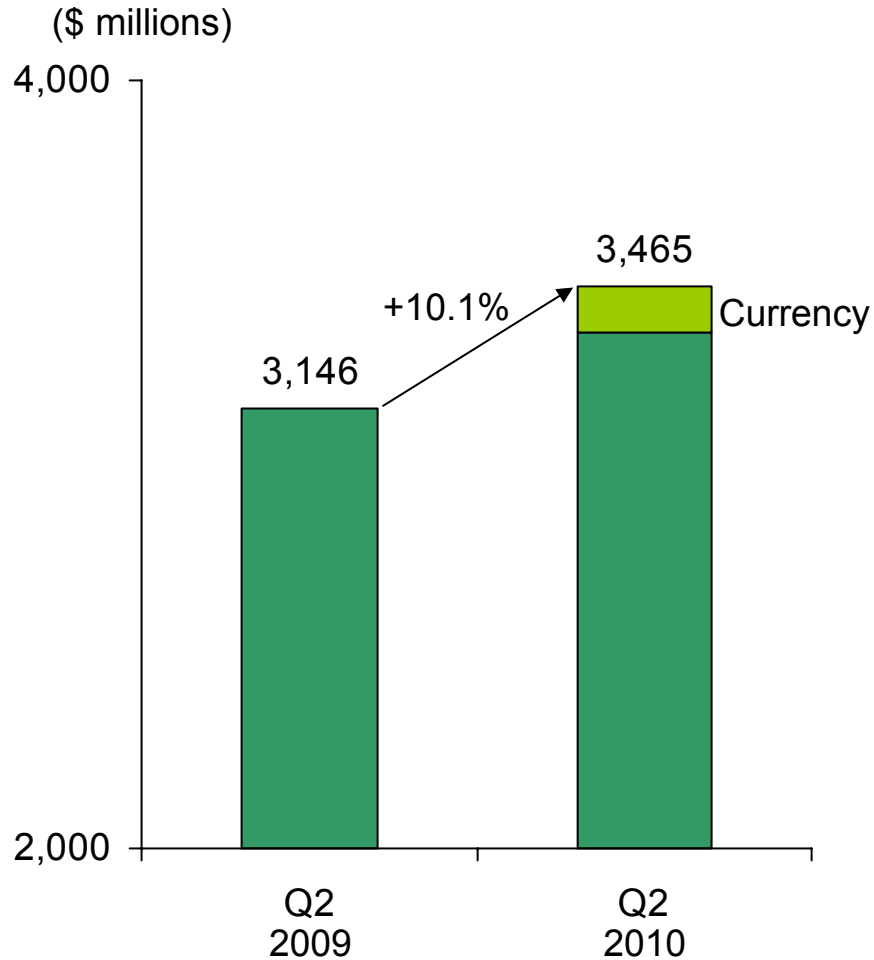
	2010 <u>Results(\$)</u>	% Growth 2010 vs. 2009	
		<u>Actual</u>	<u>Excl. Currency</u>
Adjusted Diluted EPS: ^(a)			
- Second Quarter	1.00	20.5 %	16.9 %
- First Half	1.90	21.8	16.0
Reported Diluted EPS:			
- Second Quarter	1.07	35.4	31.6
- First Half	1.97	29.6	23.7

(a) Excludes asset impairment, exit and other costs, as well as one-time tax item
Source: PMI Financials

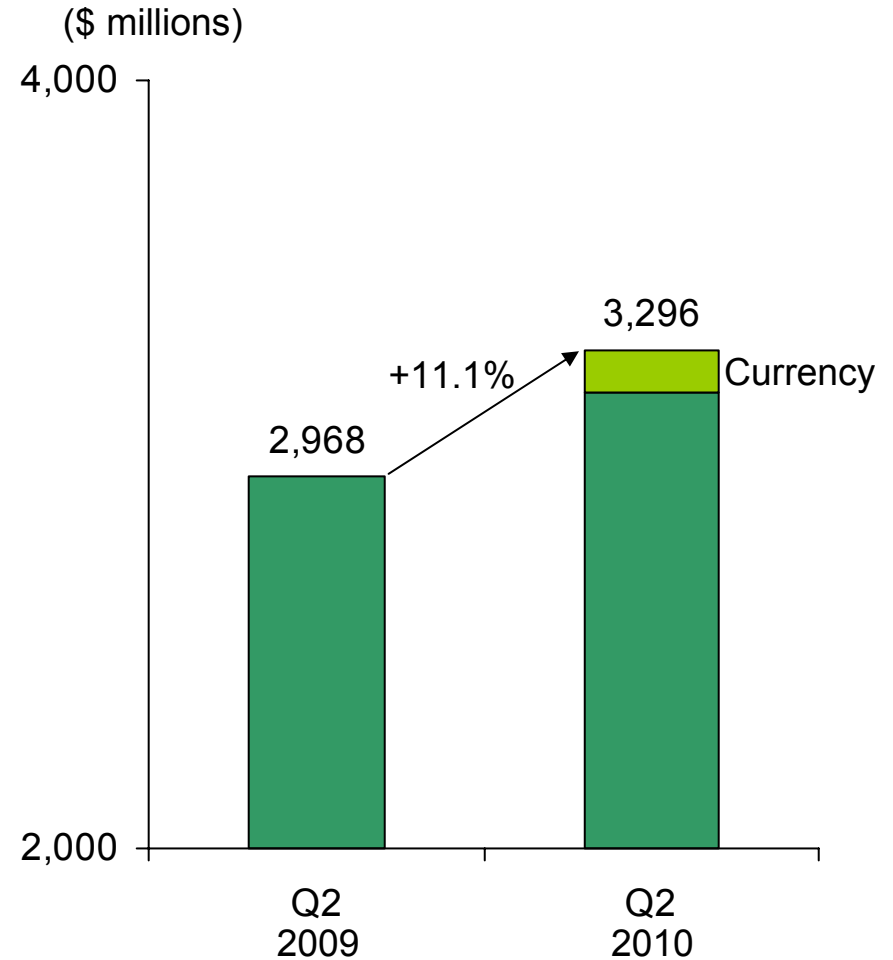


Cash Flow

Operating Cash Flow



Free Cash Flow^(a)



(a) Free cash flow equals net cash provided by operating activities less capital expenditures

Source: PMI Financials



Shareholder Returns

- \$13 billion two-year share repurchase program completed on time at end of April
- New three-year share repurchase program of \$12 billion through April 2013 initiated
- \$1.0 billion spent in Q2, 2010, to purchase 21.7 million shares
- Dividend yield on 20 July 2010 was 4.6%



Summary

- Strong financial results driven by:
 - Improved volume performance
 - Superior brand portfolio
 - Pricing power, due to brand leadership and broad portfolio
 - Productivity savings
- Second-half volume expected to be unfavorably impacted by this quarter's inventory build-up at our distributor in Japan
- New architecture and innovation strengthening the *Marlboro* franchise: market share sequentially up or stable in 21 of PMI's top 30 OCI markets in Q2, 2010
- At currently prevailing exchange rates, we expect to achieve a reported diluted EPS in 2010 of \$3.75 to \$3.85, representing a growth rate of 16% to 19%, and approximately 14% to 17% excluding currency



PHILIP MORRIS INTERNATIONAL

2010 Second-Quarter Earnings Results

Questions & Answers

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



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

2010								2009			% Change in 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
\$ 7,260	\$ 4,965	\$ 2,295	\$ 42	\$ 2,253	\$ -	\$ 2,253	European Union	\$ 7,155	\$ 4,875	\$ 2,280	0.7%	(1.2)%	(1.2)%
4,125	2,236	1,889	90	1,799	25	1,774	EEMA	3,400	1,760	1,640	15.2%	9.7%	8.2%
3,903	1,780	2,123	213	1,910	156	1,754	Asia	2,947	1,374	1,573	35.0%	21.4%	11.5%
2,095	1,341	754	74	680	-	680	Latin America & Canada	1,711	1,070	641	17.6%	6.1%	6.1%
\$ 17,383	\$ 10,322	\$ 7,061	\$ 419	\$ 6,642	\$ 181	\$ 6,461	PMI Total	\$ 15,213	\$ 9,079	\$ 6,134	15.1%	8.3%	5.3%

2010								2009			% Change in 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 Operating Companies Income	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions
\$ 1,105		\$ (55)	\$ 1,160	\$ -	\$ 1,160	European Union		\$ 1,163			(5.0)%	(0.3)%	(0.3)%
786		34	752	10	742	EEMA		635			23.8%	18.4%	16.9%
845		103	742	32	710	Asia		619			36.5%	19.9%	14.7%
238		31	207	-	207	Latin America & Canada		71			100+%	100+%	100+%
\$ 2,974		\$ 113	\$ 2,861	\$ 42	\$ 2,819	PMI Total		\$ 2,488			19.5%	15.0%	13.3%

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



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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 June 30, (\$ in millions) (Unaudited)

2010							2009			% Change in 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	Adjusted excluding Currency	Adjusted excluding Currency & Acquisitions
\$ 1,105	\$ -	\$ 1,105	\$ (55)	\$ 1,160	\$ -	\$ 1,160	\$ 1,163	\$ (1)	\$ 1,164	(5.1)%	(0.3)%	(0.3)%
786	-	786	34	752	10	742	635	-	635	23.8%	18.4%	16.9%
845	-	845	103	742	32 ⁽¹⁾	710	619	-	619	36.5%	19.9%	14.7%
238	-	238	31	207	-	207	71	(135) ⁽²⁾	206	15.5%	0.5%	0.5%
\$ 2,974	\$ -	\$ 2,974	\$ 113	\$ 2,861	\$ 42	\$ 2,819	\$ 2,488	\$ (136)	\$ 2,624	13.3%	9.0%	7.4%

2010							2009			% Points Change	
Adjusted Operating Companies Income excluding Currency	Net Revenues excluding Excise Taxes & Currency ⁽³⁾	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income excluding Currency & Acquisitions	Net Revenues excluding Excise Taxes, Currency & Acquisitions ⁽³⁾	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions	Adjusted Operating Companies Income	Adjusted Operating Companies Income	Net Revenues excluding Excise Taxes ⁽³⁾	Adjusted Operating Companies Income Margin	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions
\$ 1,160	\$ 2,253	51.5%	\$ 1,160	\$ 2,253	51.5%	\$ 1,164	\$ 2,280	51.1%	51.1%	0.4	0.4
752	1,799	41.8%	742	1,774	41.8%	635	1,640	38.7%	38.7%	3.1	3.1
742	1,910	38.8%	710	1,754	40.5%	619	1,573	39.4%	39.4%	(0.6)	1.1
207	680	30.4%	207	680	30.4%	206	641	32.1%	32.1%	(1.7)	(1.7)
\$ 2,861	\$ 6,642	43.1%	\$ 2,819	\$ 6,461	43.6%	\$ 2,624	\$ 6,134	42.8%	42.8%	0.3	0.8

(1) Represents the business combination in the Philippines

(2) Represents 2009 Colombian investment and cooperation agreement charge

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

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



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Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS, excluding Currency
For the Quarters Ended June 30,
(Unaudited)

	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Reported Diluted EPS	\$ 1.07	\$ 0.79	35.4%
Adjustments:			
Colombian investment and cooperation agreement charge	-	0.04	
Tax items	(0.07)	-	
Adjusted Diluted EPS	\$ 1.00	\$ 0.83	20.5%
Less:			
Currency Impact	0.03		
Adjusted Diluted EPS, excluding Currency	<u>\$ 0.97</u>	<u>\$ 0.83</u>	16.9%

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



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Reconciliation of Reported Diluted EPS to Reported Diluted EPS, excluding Currency
For the Quarters Ended June 30,
(Unaudited)

	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Reported Diluted EPS	\$ 1.07	\$ 0.79	35.4%
Less:			
Currency Impact	<u>0.03</u>		
Reported Diluted EPS, excluding Currency	<u>\$ 1.04</u>	<u>\$ 0.79</u>	31.6%

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



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Adjustments for the Impact of Currency and Acquisitions For the Six Months Ended June 30, (\$ in millions) (Unaudited)

2010							2009			% Change in 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	
\$ 14,008	\$ 9,529	\$ 4,479	\$ 220	\$ 4,259	\$ 3	\$ 4,256	European Union	\$ 13,205	\$ 8,938	\$ 4,267	5.0%	(0.2)%	(0.3)%
7,481	3,846	3,635	142	3,493	51	3,442	EEMA	6,231	3,139	3,092	17.6%	13.0%	11.3%
7,465	3,469	3,996	385	3,611	231	3,380	Asia	5,804	2,641	3,163	26.3%	14.2%	6.9%
4,016	2,569	1,447	125	1,322	-	1,322	Latin America & Canada	3,259	2,050	1,209	19.7%	9.3%	9.3%
\$ 32,970	\$ 19,413	\$ 13,557	\$ 872	\$ 12,685	\$ 285	\$ 12,400	PMI Total	\$ 28,499	\$ 16,768	\$ 11,731	15.6%	8.1%	5.7%

2010							2009			% Change in Reported Operating Companies Income		
Reported Operating Companies Income	Less Currency	Reported Operating Companies Income excluding Currency	Less Acquisitions	Reported Operating Companies Income excluding Currency & Acquisitions	Reported Operating Companies Income	Less Currency	Reported Operating Companies Income	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions		
\$ 2,167	\$ 25	\$ 2,142	\$ 2	\$ 2,140	European Union	\$ 2,130	1.7%	0.6%	0.5%			
1,556	42	1,514	19	1,495	EEMA	1,221	27.4%	24.0%	22.4%			
1,569	184	1,385	27	1,358	Asia	1,280	22.6%	8.2%	6.1%			
455	54	401	-	401	Latin America & Canada	226	100+%	77.4%	77.4%			
\$ 5,747	\$ 305	\$ 5,442	\$ 48	\$ 5,394	PMI Total	\$ 4,857	18.3%	12.0%	11.1%			

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



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Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income &
Reconciliation of Adjusted Operating Companies Income Margin, excluding Currency and Acquisitions
For the Six Months Ended June 30,
(\$ in millions)
(Unaudited)

2010								2009			% Change in 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	Adjusted excluding Currency	Adjusted excluding Currency & Acquisitions
\$ 2,167	\$ -	\$ 2,167	\$ 25	\$ 2,142	\$ 2	\$ 2,140	European Union	\$ 2,130	\$ (2)	\$ 2,132	1.6%	0.5%	0.4%
1,556	-	1,556	42	1,514	19	1,495	EEMA	1,221	-	1,221	27.4%	24.0%	22.4%
1,569	-	1,569	184	1,385	27 ⁽¹⁾	1,358	Asia	1,280	-	1,280	22.6%	8.2%	6.1%
455	-	455	54	401	-	401	Latin America & Canada	226	(135) ⁽²⁾	361	26.0%	11.1%	11.1%
\$ 5,747	\$ -	\$ 5,747	\$ 305	\$ 5,442	\$ 48	\$ 5,394	PMI Total	\$ 4,857	\$ (137)	\$ 4,994	15.1%	9.0%	8.0%

2010						2009			% Points Change	
Adjusted Operating Companies Income excluding Currency	Net Revenues excluding Excise Taxes & Currency ⁽³⁾	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income excluding Currency & Acquisitions	Net Revenues excluding Excise Taxes, Currency & Acquisitions ⁽³⁾	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions	Adjusted Operating Companies Income	Net Revenues excluding Excise Taxes ⁽³⁾	Adjusted Operating Companies Income Margin	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income Margin excluding Currency & Acquisitions
\$ 2,142	\$ 4,259	50.3%	\$ 2,140	\$ 4,256	50.3%	\$ 2,132	\$ 4,267	50.0%	0.3	0.3
1,514	3,493	43.3%	1,495	3,442	43.4%	1,221	3,092	39.5%	3.8	3.9
1,385	3,611	38.4%	1,358	3,380	40.2%	1,280	3,163	40.5%	(2.1)	(0.3)
401	1,322	30.3%	401	1,322	30.3%	361	1,209	29.9%	0.4	0.4
\$ 5,442	\$ 12,685	42.9%	\$ 5,394	\$ 12,400	43.5%	\$ 4,994	\$ 11,731	42.6%	0.3	0.9

(1) Represents the business combination in the Philippines

(2) Represents 2009 Colombian investment and cooperation agreement charge

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

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



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Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS, excluding Currency
For the Six Months Ended June 30,
(Unaudited)

	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Reported Diluted EPS	\$ 1.97	\$ 1.52	29.6%
Adjustments:			
Colombian investment and cooperation agreement charge	-	0.04	
Tax items	(0.07)	-	
Adjusted Diluted EPS	\$ 1.90	\$ 1.56	21.8%
Less:			
Currency Impact	0.09		
Adjusted Diluted EPS, excluding Currency	<u>\$ 1.81</u>	<u>\$ 1.56</u>	16.0%

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



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Reconciliation of Reported Diluted EPS to Reported Diluted EPS, excluding Currency
For the Six Months Ended June 30,
(Unaudited)

	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Reported Diluted EPS	\$ 1.97	\$ 1.52	29.6%
Less:			
Currency Impact	<u>0.09</u>	<u> </u>	
Reported Diluted EPS, excluding Currency	<u>\$ 1.88</u>	<u>\$ 1.52</u>	23.7%

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



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Reconciliation of Operating Cash Flow to Free Cash Flow and Free Cash Flow, excluding Currency
 Reconciliation of Operating Cash Flow to Operating Cash Flow, excluding Currency
For the Quarters Ended June 30,
 (\$ in millions)
 (Unaudited)

	For the Quarters Ended June 30,		% Change
	2010	2009	
Net cash provided by operating activities^(a)	\$ 3,465	\$ 3,146	10.1%
Less:			
Capital expenditures	169	178	
Free cash flow	\$ 3,296	\$ 2,968	11.1%
Less:			
Currency impact	108		
Free cash flow, excluding currency	\$ 3,188	\$ 2,968	7.4%

	For the Quarters Ended June 30,		% Change
	2010	2009	
Net cash provided by operating activities^(a)	\$ 3,465	\$ 3,146	10.1%
Less:			
Currency impact	122		
Net cash provided by operating activities, excluding currency	\$ 3,343	\$ 3,146	6.3%

(a) Operating Cash Flow



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2010 Second-Quarter Earnings Results

July 22, 2010