Introduction

- Unless otherwise stated, we will be talking about results in the first quarter 2009 and comparing them with the same period in 2008
- References to volumes are for PMI shipment data
- Industry volume and market shares are sourced from A.C. Nielsen, other third party sources and internal estimates
- Net revenues exclude excise taxes
- Data tables showing adjustments to revenues and Operating Companies Income ("OCI") for currency and acquisitions are at the end of this presentation
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.
2009 First-Quarter Results

- Strong business momentum continues
2009 First-Quarter Results

- Strong business momentum continues
- Net revenues up 3.9% excluding acquisitions and currency:
  - driven by pricing
2009 First-Quarter Results

- Strong business momentum continues
- Net revenues up 3.9% excluding acquisitions and currency
- OCI up 6.2% excluding acquisitions and currency:
  - strong performances in EEMA and Asia Regions
  - 2.3% decrease in EU Region, driven by Poland and Germany

Source: PMI Financials
2009 First-Quarter Results

- Strong business momentum continues
- Net revenues up 3.9% excluding acquisitions and currency
- OCI up 6.2% excluding acquisitions and currency
- Reported diluted EPS down 6.3% to 74 cents
- Diluted EPS up 10 cents, or 12.7%, excluding currency

Source: PMI Financials
Focus Topics

- Consumer trends in emerging markets
- Pricing
- Currency
Russia

- Signs of consumer down-trading due to economic situation and price increases
- Weak oil and metal prices hurting the economy
- PMI volume stable and share up in Q1, 2009
- Pricing driving double digit increase in local currency profitability

Source: PMI Financials and A.C. Nielsen
Ukraine

- Significant economic upheaval
- PMI volume up 0.7% in the first quarter
- PMI share up 1.1pp to 35.8% in Q1, 2009, driven by Parliament and Chesterfield
- Significant increase in excise taxes in May could lead to consumer down-trading
- PMI has excellent momentum and broad portfolio

Source: PMI Financials and A.C. Nielsen
Indonesia

- No consumer down-trading
- PMI volume up 2.8% in Q1, 2009
- Improved consumer confidence and stable unemployment
- Fastest growing segment is machine-made lighter-tasting kreteks, led by PMI’s A Mild
- Pricing boosting profitability

Source: PMI Financials and A.C. Nielsen
Argentina

- Continued consumer uptrading
- PMI volume increased by 1.2% in Q1, 2009
- PMI share up 2.7pp to 72.2% on a 3 month moving average basis through the end of January (latest available)
- Pricing helping to improve profitability
- Minimum Excise Tax introduced in February

Source: PMI Financials and GIMS
Since October 2008, PMI has increased prices notably in:

<table>
<thead>
<tr>
<th>EU</th>
<th>EEMA</th>
<th>Asia</th>
<th>LA &amp; Canada</th>
</tr>
</thead>
<tbody>
<tr>
<td>Czech Rep.</td>
<td>Romania</td>
<td>Australia</td>
<td>Argentina</td>
</tr>
<tr>
<td>Greece</td>
<td>Russia</td>
<td>Indonesia</td>
<td>Canada</td>
</tr>
<tr>
<td>Italy</td>
<td>Serbia</td>
<td>Pakistan</td>
<td>Colombia</td>
</tr>
<tr>
<td>Spain</td>
<td>Turkey</td>
<td>Philippines</td>
<td>Mexico</td>
</tr>
<tr>
<td>UK</td>
<td>Ukraine</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

PMI has announced to the trade plans to increase prices in Germany in June by €0.20 across the board.

Source: PMI
Pricing

- Pricing variance in Q1, 2009, was $358 million
- Largest quarterly pricing variance ever
- Pricing variance in Q1, 2009, higher than for the full year 2006

Source: PMI Financials
Currency and Guidance

- First-quarter results adversely impacted by currency:
  - net revenues $700 million
  - OCI $400 million
  - EPS 15 cents

- Currency environment slightly more favorable at present but remains very volatile

- If current exchange rates prevail, we anticipate to be at the upper end of our February guidance

- We are confident in achieving our 2009 constant currency EPS targeted growth rate of 10-14%

Source: PMI Financials
2009 First-Quarter Volume: PMI

- Volume reached 203 billion units:
  - stable versus Q1, 2008
  - down 1.1% excluding acquisitions
  - stable excluding acquisitions on a per selling day basis

Source: PMI Financials
2009 First-Quarter Volume: EU

- Volume down 3.7% driven primarily by:
  - a sharp contraction of the Polish market
  - slight share erosion in Italy, compounded by trade inventory distortions
- PMI market share in EU Region of 38.4%, down 0.3pp
- Stable share trend in France, Germany and Spain

Source: PMI Financials and GIMS
2009 First-Quarter Volume: EEMA

- Volume was down 0.3% vs. 2008, but up 0.8% on a per selling day basis:
  - 10.5% decline in duty-free volume reflecting reduced travel
- Volume and share gains notably in Algeria, Egypt and Turkey
- Market share gains also in Bulgaria, Croatia, Romania, Russia and Ukraine

Source: PMI Financials, A.C. Nielsen and GIMS
2009 First-Quarter Volume: Asia

- Volume up 2.2%, driven by:
  - record market share of 13.8% in Korea
  - continued volume growth in Indonesia
  - a favorable distributor inventory movement in Japan due to the resourcing of production from the USA to Europe

- PMI share of 23.9% in Japan thanks to strong performance of Marlboro

Source: PMI Financials, Tobacco Institute of Japan and GIMS
2009 First-Quarter Volume: LA & Canada

- Volume up 4.4%, boosted by acquisition of Rothmans Inc. in Canada
- Excluding acquisitions, volume down 4.7% due to:
  - targeted inventory reductions and reduced consumer demand in Colombia
  - impact of price increases on industry volume in Mexico
- PMI share in Mexico reached 69.2%, up 2.3pp

Source: PMI Financials and GIMS
PMI Brand Performance

- *Parliament* volume up 5.9%:
  - strong growth in Korea, Russia, Turkey and Ukraine

Source: PMI Financials
PMI Brand Performance

- **Parliament** volume up 5.9%
- **Marlboro** volume down 2.4%:
  - lower industry volume in EU Region
  - 0.4 share point decline in EU Region
  - reduced duty-free sales
  - softening of premium segment in Russia

Source: PMI Financials, A.C. Nielsen and GIMS
Philip Morris International

Marlboro Gold
In Q1, *Marlboro* achieved a 10.4% market share in Japan, up 0.5pp

*Marlboro Black Menthol* achieved a 1.0% market share in Japan in Q1

PMI has stabilized its share of the growing menthol segment in Japan at 44.9% in Q1

Now launched in Hong Kong and Indonesia

Source: PMI Financials and Tobacco Institute of Japan
PMI Brand Performance

- *Parliament* volume up 5.9%
- *Marlboro* volume down 2.4%
- *Chesterfield* volume up 0.4%:
  - strong performance in EU Region

Source: PMI Financials
PMI Brand Performance

- *Parliament* volume up 5.9%
- *Marlboro* volume down 2.4%
- *Chesterfield* volume up 0.4%
- *L&M* volume down 0.5%:
  - improved performance outside Russia
  - fastest growing brand in Germany
  - # 2 brand in the EU Region behind *Marlboro*

Source: PMI Financials and GIMS
PMI Brand Performance

- *Parliament* volume up 5.9%
- *Marlboro* volume down 2.4%
- *Chesterfield* volume up 0.4%
- *L&M* volume down 0.5%
- Combined volume of *Bond Street, Next, and Red & White* up 1.5%

Source: PMI Financials
Cash Flow and Balance Sheet

- Free cash flow in Q1, 2009, was $1.3 billion, in line with Q1, 2008:
  - lower capital expenditures
  - working capital requirements under control
  - unfavorable currency impact on net earnings
- Balance sheet and liquidity position remain very strong
- Additional Euro 2.0 billion and CHF 0.5 billion in bonds issued during the first quarter
- Weighted average cost of long-term debt of 5.6%

Note: Free cash flow is defined as operating cash flow ($1,427 million) minus capital expenditures ($145 million)
Source: PMI Financials and PMI Treasury
Shareholder Returns

- Willing to surpass target dividend pay-out ratio of 65%
- Share repurchases totaled $1.3 billion in Q1, 2009
Conclusions

- Tobacco sector resilient
- PMI has best brand portfolio and geographic balance
- Innovation and new Marlboro architecture
- Prices increased across broad range of markets
- Manageable excise tax and regulatory environment
- Cost savings programs on track
- Currency headwinds in the short-term
- Substantial cash flows and excellent liquidity
- Dividends and share repurchases
- On track to achieve currency neutral targets in 2009
Reconciliation of Non-GAAP Measures

Adjustments for the Impact of Currency and Acquisitions

For the Quarters Ended March 31,
(in millions)
(Unaudited)

<table>
<thead>
<tr>
<th>2009</th>
<th>2008 (1)</th>
<th>% Change on Reported Net Revenues excluding Excise Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>6,050</td>
<td>6,697</td>
<td>$ (4,063)</td>
</tr>
<tr>
<td>2,831</td>
<td>3,283</td>
<td>(1,379)</td>
</tr>
<tr>
<td>2,857</td>
<td>2,976</td>
<td>(1,267)</td>
</tr>
<tr>
<td>1,548</td>
<td>1,398</td>
<td>(980)</td>
</tr>
<tr>
<td><strong>$ 13,286</strong></td>
<td><strong>$ 14,354</strong></td>
<td><strong>$ (7,689)</strong></td>
</tr>
<tr>
<td>% Change on Reported Net Revenues excluding Excise Taxes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>2008 (1)</td>
<td></td>
</tr>
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<td><strong>$ 14,354</strong></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2009</th>
<th>2008 (1)</th>
<th>% Change on Reported Operating Companies Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported Operating Companies Income</td>
<td>Reported Operating Companies Income</td>
<td>Less Currency</td>
</tr>
<tr>
<td>967</td>
<td>$ (184)</td>
<td>$ 1,151</td>
</tr>
<tr>
<td>586</td>
<td>(201)</td>
<td>787</td>
</tr>
<tr>
<td>661</td>
<td>19</td>
<td>642</td>
</tr>
<tr>
<td>155</td>
<td>(35)</td>
<td>190</td>
</tr>
<tr>
<td><strong>$ 2,369</strong></td>
<td><strong>$ 2,546</strong></td>
<td><strong>$ (401)</strong></td>
</tr>
</tbody>
</table>

(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 the Quarters Ended March 31,

(inaudited)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008 (1)</th>
<th>% Change on Adjusted Operating Companies Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reported Operating Companies Income</td>
<td>Reported Operating Companies Income</td>
<td>Adjusted Operating Companies Income</td>
</tr>
<tr>
<td></td>
<td>$ 967</td>
<td>$ 1,167</td>
<td>European Union $ 1,152 $ 1,141</td>
</tr>
<tr>
<td></td>
<td>$ (184)</td>
<td>$ (8)</td>
<td>EEMA $ 787</td>
</tr>
<tr>
<td></td>
<td>$ 1,152</td>
<td>$ 1,175</td>
<td>Asia $ 642</td>
</tr>
<tr>
<td></td>
<td>$ 11</td>
<td>$ 66</td>
<td>Latin America &amp; Canada $ 135</td>
</tr>
<tr>
<td></td>
<td>$ 1,141</td>
<td>$ 680</td>
<td>PMI Total $ 2,705</td>
</tr>
<tr>
<td></td>
<td>$ 661</td>
<td>$ 681</td>
<td>$ 2,771 $ 2,705</td>
</tr>
<tr>
<td></td>
<td>$ 190</td>
<td>$ 564</td>
<td>$ 2,370 $ (401) $ 2,771</td>
</tr>
<tr>
<td></td>
<td>$ 55</td>
<td>$ 149</td>
<td>$ 155 $ (35) $ 190</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$ 2,369 $ (1) $ 2,370 $ (401) $ 2,771</td>
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</tbody>
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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 the Quarters Ended March 31, 2009
(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported Diluted EPS</td>
<td>$</td>
<td>0.74</td>
<td>$</td>
</tr>
<tr>
<td>Adjustments:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset impairment and exit costs</td>
<td>-</td>
<td>0.01</td>
<td></td>
</tr>
<tr>
<td>Adjusted Diluted EPS</td>
<td>$</td>
<td>0.74</td>
<td>$</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency Impact</td>
<td>0.15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted Diluted EPS, Excluding Currency</td>
<td>$</td>
<td>0.89</td>
<td>$</td>
</tr>
</tbody>
</table>

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Source: PMI Financials
Reconciliation of Non-GAAP Measures

Reconciliation of Reported Diluted EPS to Reported Diluted EPS, Excluding Currency

For the Quarters Ended March 31,
(Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported Diluted EPS(1)</td>
<td>$0.74</td>
<td>$0.79</td>
<td>(6.3)%</td>
</tr>
<tr>
<td>Add:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Currency Impact</td>
<td>0.15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported Diluted EPS, Excluding Currency</td>
<td>$0.89</td>
<td>$0.79</td>
<td>12.7%</td>
</tr>
</tbody>
</table>

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Source: PMI Financials
## Reconciliation of Non-GAAP Measures

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

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

Source: PMI Financials
2009 First-Quarter Results
23 April 2009