



PHILIP MORRIS INTERNATIONAL

2009 Second-Quarter Results

23 July 2009

Introduction

- **Unless otherwise stated, we will be talking about results in the second quarter 2009 and comparing them with the same period in 2008**
- **References to PMI volumes refer to 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, adjustments to EPS, 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-K for the year ended December 31, 2008, and Form 10-Q for the quarter ended March 31, 2009, filed with the Securities and Exchange Commission.

PMI Financials

| | 2009 Results | | % Variance vs. 2008 excl. Currency & Acquisitions | |
|-----------------------------|--------------|-----------|--|-----------|
| | <u>Q2</u> | <u>H1</u> | <u>Q2</u> | <u>H1</u> |
| (\$ billion) | | | | |
| Net Revenues ^(a) | 6.1 | 11.7 | 6.1 % | 5.1 % |
| Adjusted OCI ^(b) | 2.6 | 5.0 | 9.5 | 7.5 |

(a) Excluding excise taxes

(b) Less asset impairment and exit costs

Source: PMI Financials

PMI Financials

| | 2009 Results | | % Variance vs. 2008 excl. Currency | |
|----------------------|--------------|-----------|---------------------------------------|-----------|
| | <u>Q2</u> | <u>H1</u> | <u>Q2</u> | <u>H1</u> |
| (\$ / share) | | | | |
| Adjusted Diluted EPS | 0.83 | 1.56 | 17.2 | 14.4 |

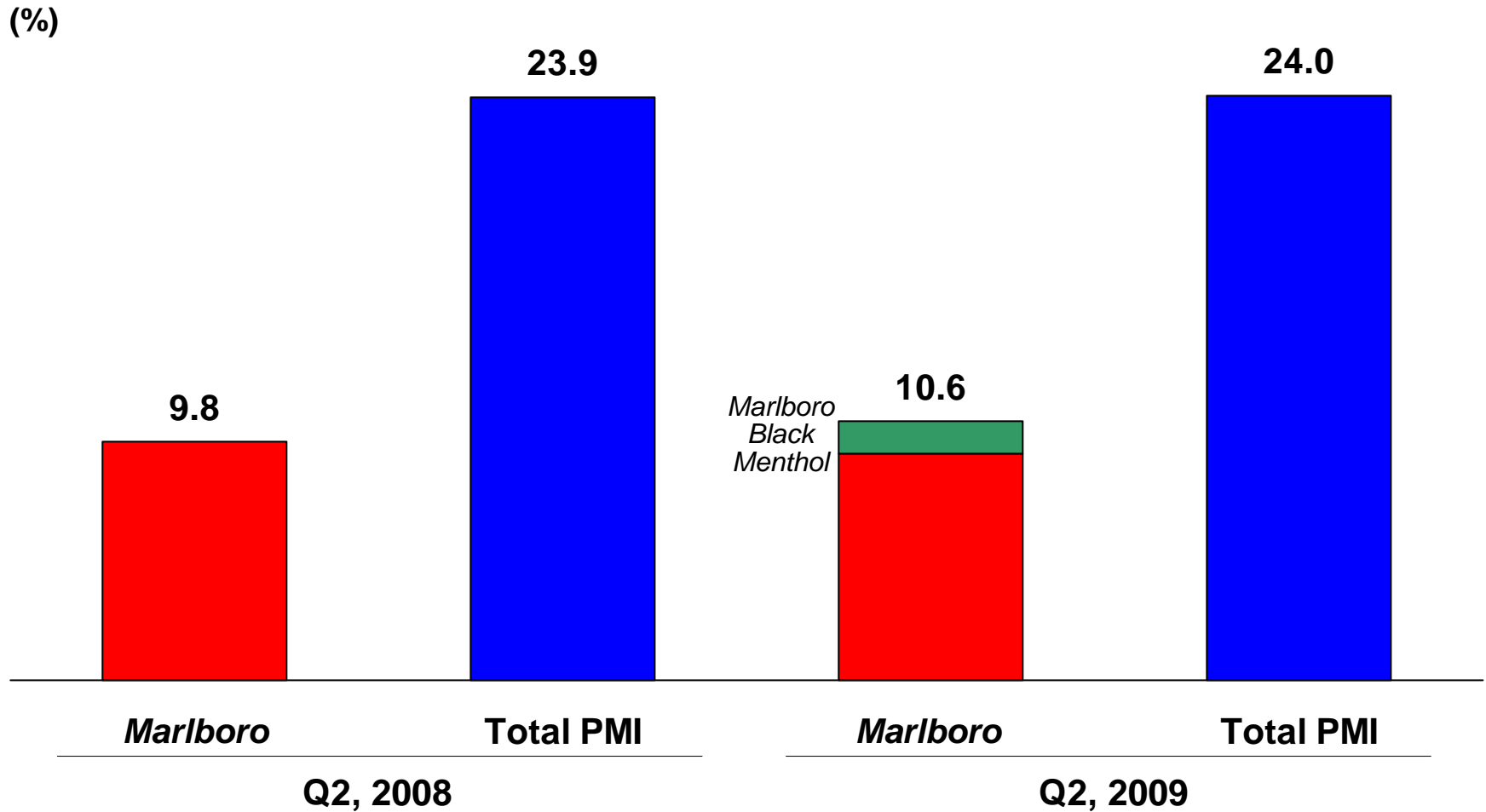
PMI Volume

| | <u>2009 Results</u> | | <u>% Variance vs. 2008</u> | | | |
|-------------------------|---------------------|--------------|----------------------------|------------------------------|-----------------|------------------------------|
| | <u>Q2</u> | <u>H1</u> | <u>Q2</u> | | <u>H1</u> | |
| | | | <u>Reported</u> | <u>Organic^(a)</u> | <u>Reported</u> | <u>Organic^(a)</u> |
| (units billion) | | | | | | |
| Cigarette Volume | 223.2 | 426.5 | - % | (1.1) % | - % | (1.1) % |

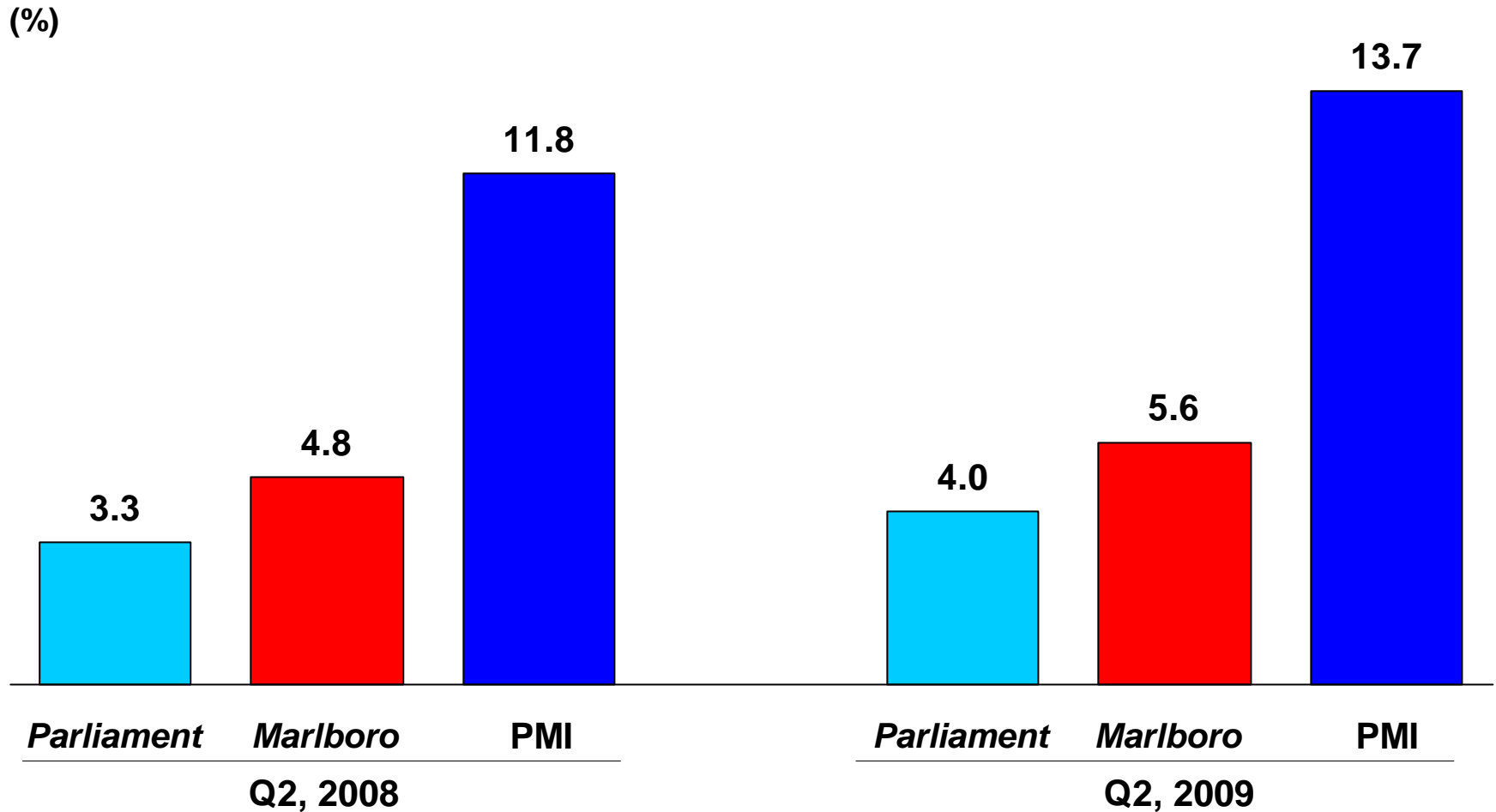
Asia Region

- **Volume increased in Indonesia, Korea and Pakistan**
- **Increased profitability net of currency in almost all our main markets in Asia**
- ***Marlboro* turnaround in Japan**

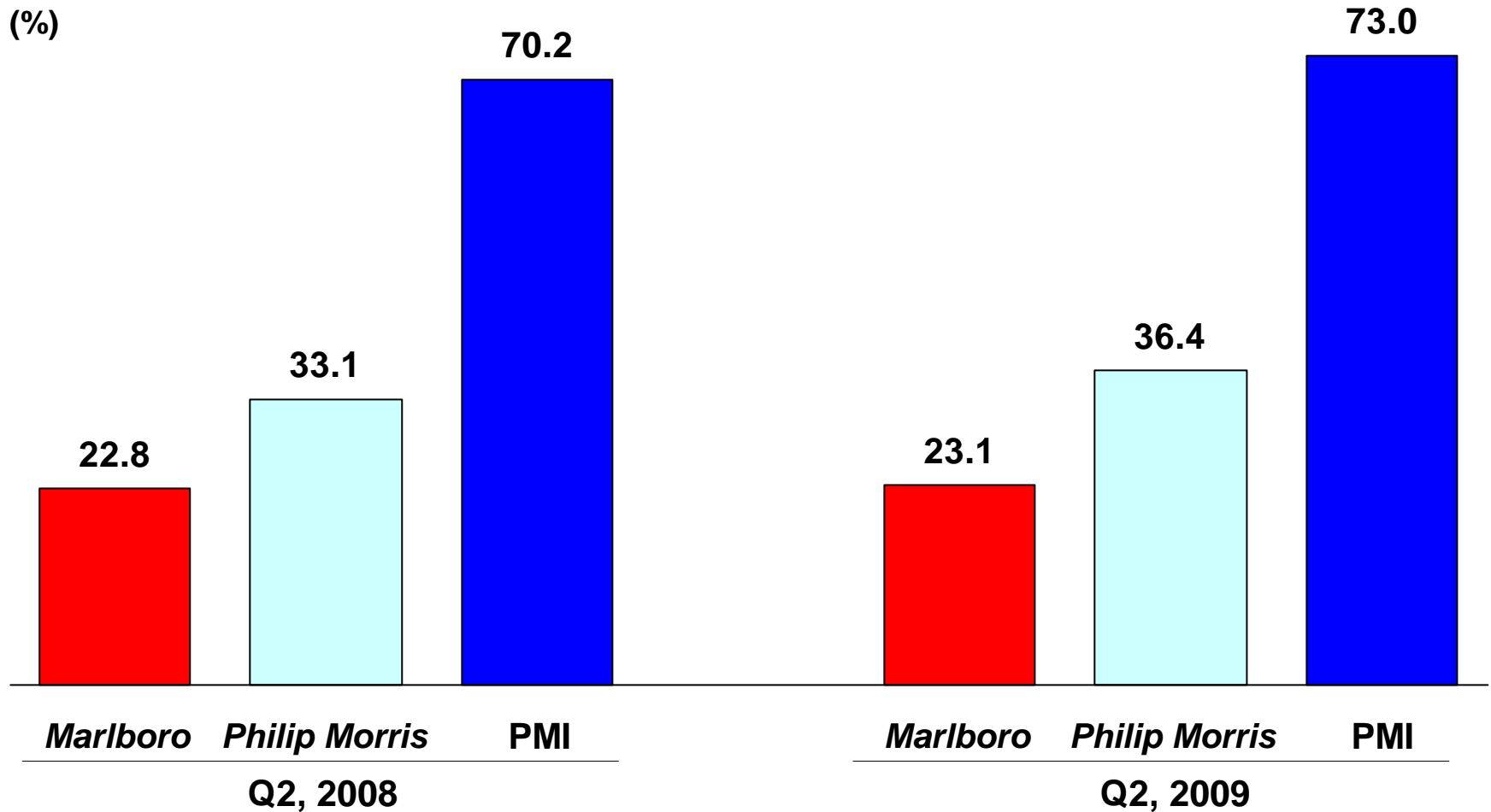
Japan – Market Shares



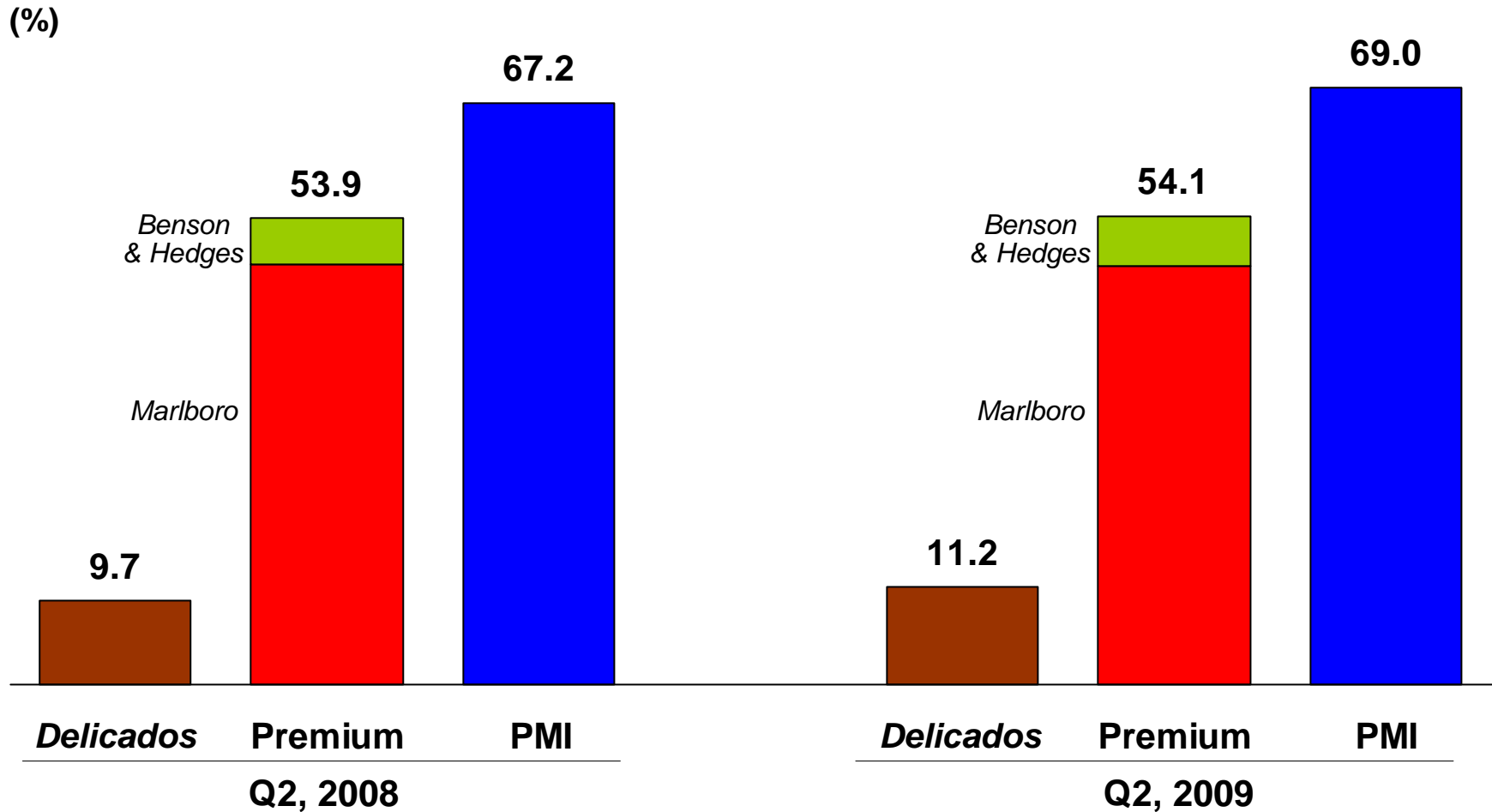
Korea – Market Shares



Argentina – Market Shares



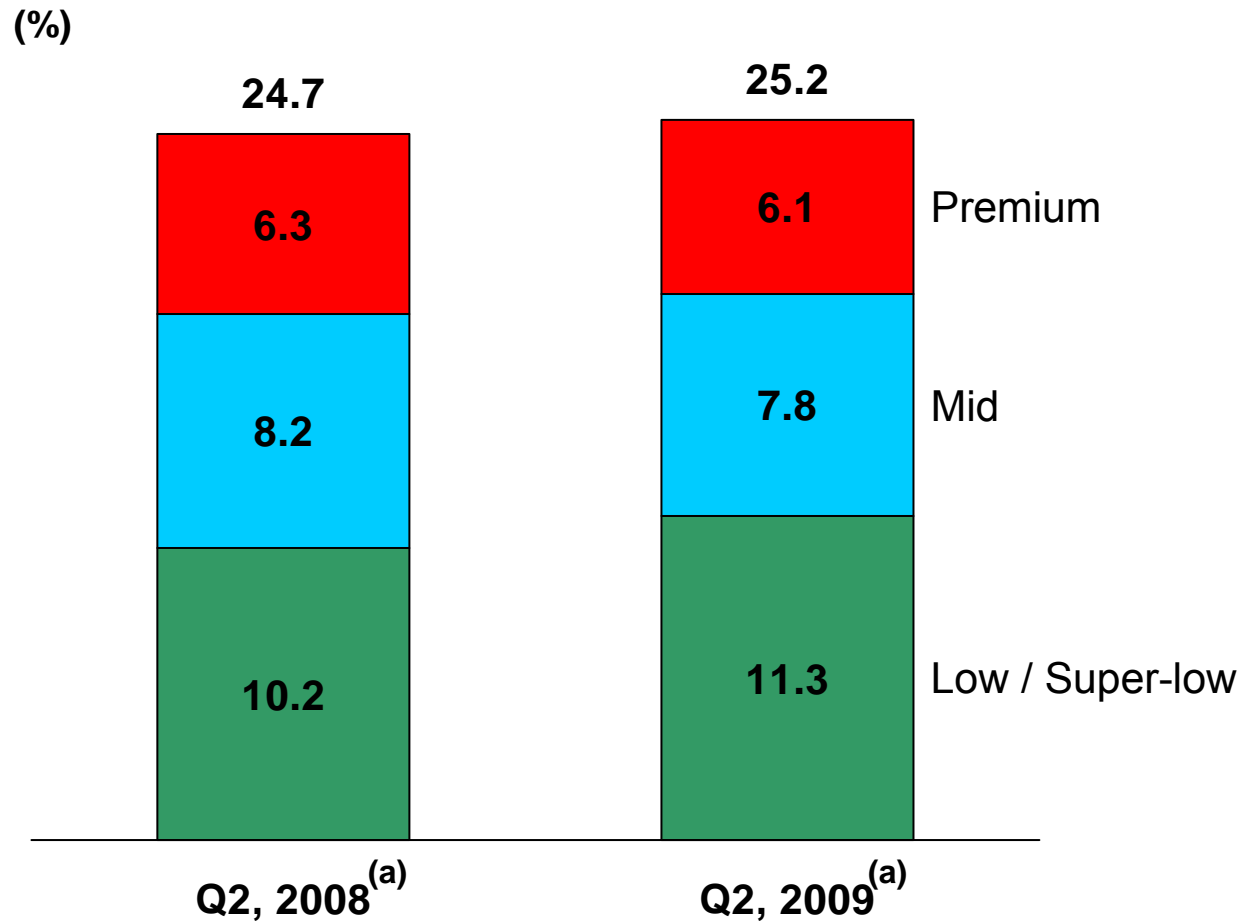
Mexico – Market Shares



Russia

- **Consumer downtrading**
- **Product mix has deteriorated**
- **Shipments declined by 1.3% in Q2, 2009**
- **Oil prices and banking sector stability key to business outlook**

Russia – Market Shares



Ukraine

- **Difficult economic and political environment**
- **Tax-driven retail price increases of 22% – 50% this May**
- **Product mix remains relatively stable so far**
- **PMI shipments down 14.1% in Q2, 2009**
- **Our market share in the April/May period was up 1.0 pp at 36.2%**
- **Market evolution in the second half is difficult to predict**

EEMA Region

- **Net revenues increased by 8.5% excluding currency and acquisitions in Q2, 2009**
- **OCI up 10.7% excluding currency and acquisitions in Q2, 2009**
- **PMI gained market share in Q2, 2009, across the Region:**
 - notably in Algeria, Bulgaria, Egypt, Romania, Russia, Turkey and Ukraine
- **Successful implementation of higher prices**

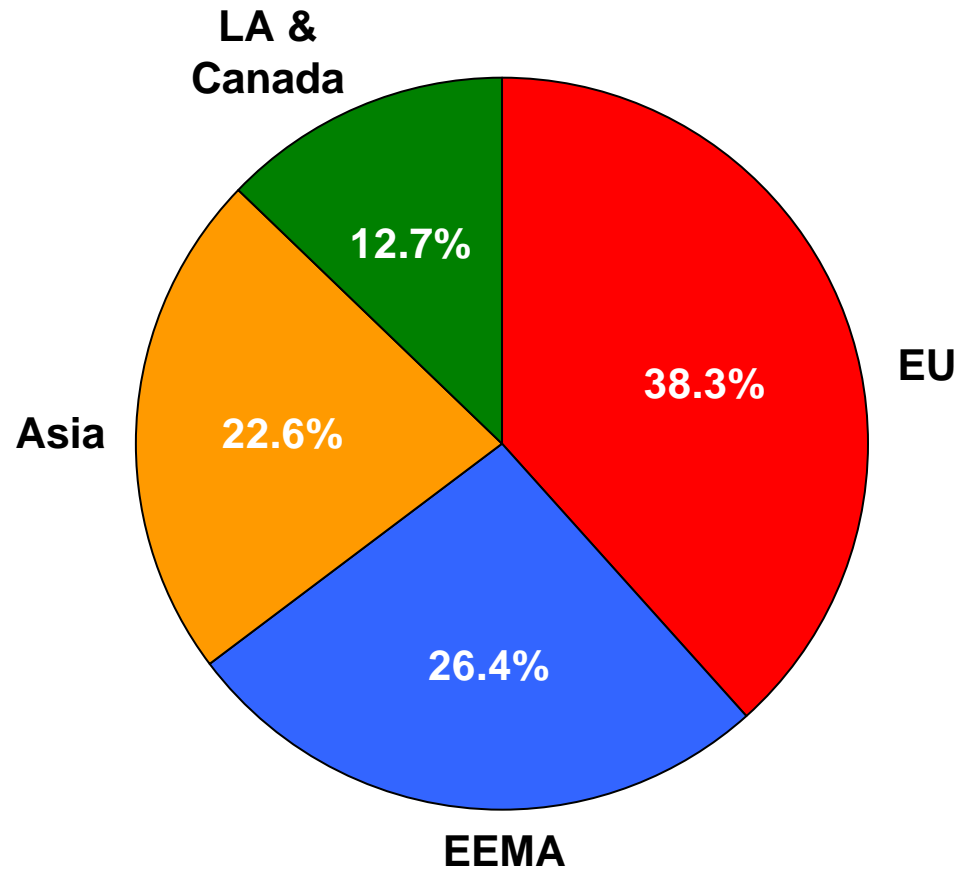
EU Region

- **The situation in the EU Region is clearly improving**
- **PMI gained market share in 15 out of the top 20 EU Region markets in Q2, 2009:**
 - notably in France, Germany and Spain
- ***Marlboro* share in EU Region remained stable at 18.9% in Q2, 2009**
- **PMI volume declined by 3.0% in Q2, 2009**

Spain

- **Economic recession and rising unemployment**
- **Industry volume declined by 6.2% in Q2, 2009**
- **Minimum Excise Tax increased in June**
- **PMI implemented a €0.35 / pack price increase across its cigarette portfolio, thus generating higher unit margins**

Marlboro Shipment Volume by Region



Q2, 2009 Volume: 78.3 billion
(Down 1.1% vs. Q2, 2008)

Marlboro Architecture

Red



“Flavor
enjoyment”

Gold



“Smooth taste
and style”

Fresh

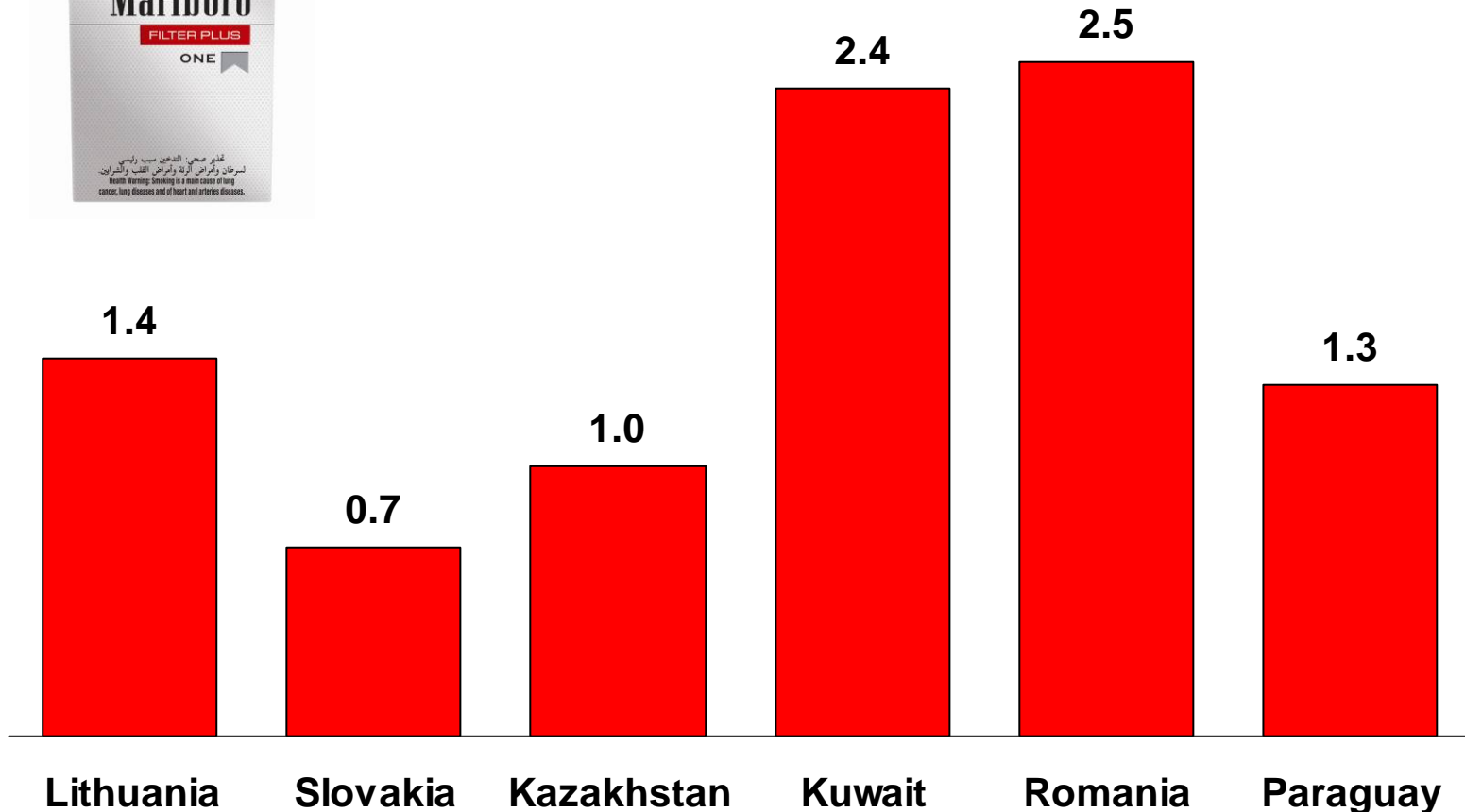


“Fresh taste
sensations”

Red Line : Marlboro Filter Plus / Flavor Plus



Market Shares Q2, 2009^(a)



(a) Kazakhstan, Kuwait and Paraguay are April / May
Source: PMI GIMS Estimates, Business Analytica and A.C. Nielsen

Gold Line : *Marlboro Gold Touch / Gold Edge*



Marlboro Gold Touch



Marlboro Gold Edge

Fresh Line : *Marlboro Black Menthol*



- 1.3% market share in Japan in Q2, 2009, including recent line extension into 1 mg flavor segment
- 3.1% market share in Hong Kong in June, three months after launch
- Introduced in Indonesia
- Such innovative new products are boosting the performance of *Marlboro*

Pricing

- Revenue growth significantly more than offsetting volume softness and slightly unfavorable product mix
- Pricing variance was \$549 million in Q2, 2009
- In last twelve months, PMI has increased prices notably in:

| EU | EEMA | Asia | LA & Canada |
|---------|--------------|-------------|----------------|
| Germany | Romania | Australia | Argentina |
| Italy | Russia | Indonesia | Brazil |
| Poland | South Africa | Pakistan | Canada |
| Spain | Turkey | Philippines | Dominican Rep. |
| UK | Ukraine | Thailand | Mexico |

Germany / Spain – Pricing

| <u>Germany</u> | <u>Old Prices (per 17)</u> | <u>Current Prices (per 17)</u> | <u>New Prices^(a) (per 19)</u> |
|-----------------|--------------------------------|------------------------------------|--|
| <i>Marlboro</i> | €4.00 | €4.20 | €4.70 |
| <i>F6</i> | 3.70 | 3.90 | 4.35 |
| <i>L&M</i> | 3.60 | 3.80 | 4.25 |

| <u>Spain</u> | <u>Old Prices (per 20)</u> | <u>New Prices (per 20)</u> |
|---------------------|--------------------------------|--------------------------------|
| <i>Marlboro</i> | €3.10 | €3.45 |
| <i>Chesterfield</i> | 2.85 | 3.20 |
| <i>L&M</i> | 2.50 | 2.85 |

Fiscal Environment

- **Higher retail prices resulting in higher government revenues**
- **Fiscal environment remains reasonable:**
 - **key exceptions are Brazil and Ukraine**

Productivity and Brand Building

- **On track to deliver \$500 million in productivity improvements and cost savings in 2009**
- **None of the savings are coming from reduced marketing expenditures**
- **We continue to invest appropriately behind our brands**

Share Repurchases

- **Two-year \$13 billion share repurchase program**
- **In Q2, 2009, \$1.4 billion spent to buy 34.7 million shares at average price of \$40.33 per share**

Acquisitions

- **Strategically and financially attractive deals**
- **South Africa: acquisition of pipe tobacco and nasal snuff business for some \$222 million**
- **Colombia: acquisition of Protabaco for \$452 million**
- **Transactions expected to close in Q4, 2009, subject to regulatory approval**

Cash Flow

- **Free cash flow reached \$4.25 billion during the first half of 2009 in spite of:**
 - \$730 million negative currency impact on net earnings
 - \$241 million increase in pension fund contributions
- **PMI has returned \$12.4 billion in cash to its shareholders since becoming an independent company**

Note: Free cash flow equals operating cash flow less capital expenditures. In the first half of 2009, operating cash flow was \$4,573 million and capital expenditures \$323 million

Source: PMI Financials

2009 EPS Guidance

- **Previous 2009 EPS guidance, established in February, of \$2.85 – \$3.00 per share included 80 cents in unfavorable currency**
- **Unfavorable currency in the first half of the year was 35 cents**
- **During the second half, we expect a further 20 cents in unfavorable currency based on current exchange rates**
- **New 2009 EPS guidance is \$3.10 - \$3.20 per share**
- **This reflects strong business fundamentals, the improved currency outlook and the 4 cent charge for Colombia**
- **Revised EPS guidance translates into currency neutral growth of approximately 10-13%**



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Questions & Answers

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**PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries**
Reconciliation of Non-GAAP Measures
Adjustments for the Impact of Currency and Acquisitions
For the Quarters Ended June 30,
(in millions)
(Unaudited)

| 2009 | | | | | | | 2008 | | | % 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 | |
| \$ 7,155 | \$ (4,875) | \$ 2,280 | \$ (453) | \$ 2,733 | \$ 22 | \$ 2,711 | European Union | \$ 8,279 | \$ (5,635) | \$ 2,644 | (13.8)% | 3.4% | 2.5% |
| 3,400 | (1,760) | 1,640 | (461) | 2,101 | 3 | 2,098 | EEMA | 3,802 | (1,869) | 1,933 | (15.2)% | 8.7% | 8.5% |
| 2,947 | (1,374) | 1,573 | (139) | 1,712 | - | 1,712 | Asia | 3,170 | (1,566) | 1,604 | (1.9)% | 6.7% | 6.7% |
| 1,711 | (1,070) | 641 | (113) | 754 | 158 | 596 | Latin America & Canada | 1,452 | (924) | 528 | 21.4 % | 42.8% | 12.9% |
| \$ 15,213 | \$ (9,079) | \$ 6,134 | \$ (1,166) | \$ 7,300 | \$ 183 | \$ 7,117 | PMI Total | \$ 16,703 | \$ (9,994) | \$ 6,709 | (8.6)% | 8.8% | 6.1% |

| 2009 | | | | | | | 2008 | | | % 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 | Less Currency | Reported Operating Companies Income | Reported | Reported excluding Currency | Reported excluding Currency & Acquisitions | | |
| \$ 1,163 | \$ (241) | \$ 1,404 | \$ 16 | \$ 1,388 | European Union | \$ 1,287 | (9.6)% | 9.1% | 7.8% | | | |
| 635 | (267) | 902 | 2 | 900 | EEMA | 813 | (21.9)% | 10.9% | 10.7% | | | |
| 619 | 4 | 615 | - | 615 | Asia | 523 | 18.4 % | 17.6% | 17.6% | | | |
| 71 | (47) | 118 | 70 | 48 | Latin America & Canada | 23 | 100+ % | 100+ % | 100+ % | | | |
| \$ 2,488 | \$ (551) | \$ 3,039 | \$ 88 | \$ 2,951 | PMI Total | \$ 2,646 | (6.0)% | 14.9% | 11.5% | | | |

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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

For the Quarters Ended June 30,

(in millions)

(Unaudited)

| 2009 | | | | | | | 2008 | | | | | | | % Change on Adjusted Operating Companies Income | | |
|-------------------------------------|---|-------------------------------------|-----------------|--|-------------------|---|------------------------|-------------------------------------|---|-------------------------------------|---------------|-----------------------------|--|---|--|--|
| Reported Operating Companies Income | Less Asset Impairment/ Exit Costs and 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 and Other | Adjusted Operating Companies Income | Adjusted | Adjusted excluding Currency | Adjusted excluding Currency & Acquisitions | | | |
| \$ 1,163 | \$ (1) | \$ 1,164 | \$ (241) | \$ 1,405 | \$ 16 | \$ 1,389 | European Union | \$ 1,287 | \$ (48) | \$ 1,335 | (12.8)% | 5.2% | 4.0% | | | |
| 635 | - | 635 | (267) | 902 | 2 | 900 | EEMA | 813 | - | 813 | (21.9)% | 10.9% | 10.7% | | | |
| 619 | - | 619 | 4 | 615 | - | 615 | Asia | 523 | - | 523 | 18.4 % | 17.6% | 17.6% | | | |
| 71 | (135) ⁽¹⁾ | 206 | (47) | 253 | 70 | 183 | Latin America & Canada | 23 | (124) ⁽²⁾ | 147 | 40.1 % | 72.1% | 24.5% | | | |
| \$ 2,488 | \$ (136) | \$ 2,624 | \$ (551) | \$ 3,175 | \$ 88 | \$ 3,087 | PMI Total | \$ 2,646 | \$ (172) | \$ 2,818 | (6.9)% | 12.7% | 9.5% | | | |

| 2009 | | | 2008 | | | % 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 | Net Revenues excluding Excise Taxes ⁽³⁾ | Adjusted Operating Companies Income Margin | Adjusted Operating Companies Income Margin excluding Currency | | |
| \$ 1,405 | \$ 2,733 | 51.4% | \$ 1,335 | \$ 2,644 | 50.5% | | 0.9 pp | |
| 902 | 2,101 | 42.9% | 813 | 1,933 | 42.1% | | 0.8 pp | |
| 615 | 1,712 | 35.9% | 523 | 1,604 | 32.6% | | 3.3 pp | |
| 253 | 754 | 33.6% | 147 | 528 | 27.8% | | 5.8 pp | |
| \$ 3,175 | \$ 7,300 | 43.5% | \$ 2,818 | \$ 6,709 | 42.0% | PMI Total | 1.5 pp | |

⁽¹⁾ Represents 2009 Colombian investment and cooperation agreement charge

⁽²⁾ Represents 2008 equity loss from RBH legal settlement

⁽³⁾ For the calculation of net revenues excluding excise taxes and currency, refer to Slide 32

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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 June 30,

(Unaudited)

| | <u>2009</u> | <u>2008</u> | <u>% Change</u> |
|---|----------------|----------------|-----------------|
| Reported Diluted EPS | \$ 0.79 | \$ 0.80 | (1.3)% |
| Adjustments: | | | |
| Colombian investment and cooperation agreement charge | 0.04 | - | |
| Asset impairment and exit costs | - | 0.01 | |
| Equity loss from RBH legal settlement | - | 0.06 | |
| Adjusted Diluted EPS | \$ 0.83 | \$ 0.87 | (4.6)% |
| Add: | | | |
| Currency Impact | 0.19 | | |
| Adjusted Diluted EPS, Excluding Currency | \$ 1.02 | \$ 0.87 | 17.2 % |

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PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Reconciliation of Non-GAAP Measures
Reconciliation of Reported Diluted EPS to Reported Diluted EPS, Excluding Currency
For the Quarters Ended June 30,
(Unaudited)

| | <u>2009</u> | <u>2008</u> | <u>% Change</u> |
|---|--------------------|--------------------|-----------------|
| Reported Diluted EPS | \$ 0.79 | \$ 0.80 | (1.3)% |
| Add: | | | |
| Currency Impact | <u>0.19</u> | <u> </u> | |
| Reported Diluted EPS, Excluding Currency | <u>0.98</u> | <u>0.80</u> | 22.5 % |

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**PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries**
Reconciliation of Non-GAAP Measures
Adjustments for the Impact of Currency and Acquisitions
For the Six Months Ended June 30,
(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 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 | |
| \$ 13,205 | \$ (8,938) | \$ 4,267 | \$ (704) | \$ 4,971 | \$ 38 | \$ 4,933 | European Union | \$ 14,976 | \$ (10,086) | \$ 4,890 | (12.7)% | 1.7% | 0.9% |
| 6,231 | (3,139) | 3,092 | (773) | 3,865 | 3 | 3,862 | EEMA | 7,085 | (3,490) | 3,595 | (14.0)% | 7.5% | 7.4% |
| 5,804 | (2,641) | 3,163 | (188) | 3,351 | - | 3,351 | Asia | 6,146 | (3,039) | 3,107 | 1.8 % | 7.9% | 7.9% |
| 3,259 | (2,050) | 1,209 | (198) | 1,407 | 282 | 1,125 | Latin America & Canada | 2,850 | (1,812) | 1,038 | 16.5 % | 35.5% | 8.4% |
| \$ 28,499 | \$ (16,768) | \$ 11,731 | \$ (1,863) | \$ 13,594 | \$ 323 | \$ 13,271 | PMI Total | \$ 31,057 | \$ (18,427) | \$ 12,630 | (7.1)% | 7.6% | 5.1% |

| 2009 | | | | | | | 2008 ⁽¹⁾ | | | % 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 | Less Currency | Reported Operating Companies Income | Reported | Reported excluding Currency | Reported excluding Currency & Acquisitions | | |
| \$ 2,130 | \$ (425) | \$ 2,555 | \$ 27 | \$ 2,528 | European Union | \$ 2,454 | (13.2)% | 4.1% | 3.0% | | | |
| 1,221 | (468) | 1,689 | 2 | 1,687 | EEMA | 1,493 | (18.2)% | 13.1% | 13.0% | | | |
| 1,280 | 23 | 1,257 | - | 1,257 | Asia | 1,073 | 19.3 % | 17.1% | 17.1% | | | |
| 226 | (82) | 308 | 125 | 183 | Latin America & Canada | 172 | 31.4 % | 79.1% | 6.4% | | | |
| \$ 4,857 | \$ (952) | \$ 5,809 | \$ 154 | \$ 5,655 | PMI Total | \$ 5,192 | (6.5)% | 11.9% | 8.9% | | | |

⁽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

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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

For the Six Months Ended June 30,

(in millions)

(Unaudited)

| 2009 | | | | | | | 2008 ⁽¹⁾ | | | % Change on Adjusted Operating Companies Income | | |
|-------------------------------------|---|-------------------------------------|-----------------|--|-------------------|---|-------------------------------------|---|-------------------------------------|---|-----------------------------|--|
| Reported Operating Companies Income | Less Asset Impairment /Exit Costs and 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 and Other | Adjusted Operating Companies Income | Adjusted | Adjusted excluding Currency | Adjusted excluding Currency & Acquisitions |
| \$ 2,130 | \$ (2) | \$ 2,132 | \$ (425) | \$ 2,557 | \$ 27 | \$ 2,530 | \$ 2,454 | \$ (56) | \$ 2,510 | (15.1)% | 1.9% | 0.8% |
| 1,221 | - | 1,221 | (468) | 1,689 | 2 | 1,687 | 1,493 | (1) | 1,494 | (18.3)% | 13.1% | 12.9% |
| 1,280 | - | 1,280 | 23 | 1,257 | - | 1,257 | 1,073 | (14) | 1,087 | 17.8% | 15.6% | 15.6% |
| 226 | (135) ⁽²⁾ | 361 | (82) | 443 | 125 | 318 | 172 | (124) ⁽³⁾ | 296 | 22.0% | 49.7% | 7.4% |
| \$ 4,857 | \$ (137) | \$ 4,994 | \$ (952) | \$ 5,946 | \$ 154 | \$ 5,792 | \$ 5,192 | \$ (195) | \$ 5,387 | (7.3)% | 10.4% | 7.5% |

| 2009 | | | 2008 | | | % Points Change | |
|--|---|--|-------------------------------------|--|--|--|---------------|
| Adjusted Operating Companies Income excluding Currency | Net Revenues excluding Excise Taxes & Currency ⁽⁴⁾ | Adjusted Operating Companies Income excluding Currency | Adjusted Operating Companies Income | Net Revenues excluding Excise Taxes ⁽⁴⁾ | Adjusted Operating Companies Income Margin | Adjusted Operating Companies Income excluding Currency | |
| \$ 2,557 | \$ 4,971 | 51.4% | \$ 2,510 | \$ 4,890 | 51.3% | | 0.1 pp |
| 1,689 | 3,865 | 43.7% | 1,494 | 3,595 | 41.6% | | 2.1 pp |
| 1,257 | 3,351 | 37.5% | 1,087 | 3,107 | 35.0% | | 2.5 pp |
| 443 | 1,407 | 31.5% | 296 | 1,038 | 28.5% | | 3.0 pp |
| \$ 5,946 | \$ 13,594 | 43.7% | \$ 5,387 | \$ 12,630 | 42.7% | | 1.0 pp |

⁽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

⁽²⁾ Represents 2009 Colombian investment and cooperation agreement charge

⁽³⁾ Represents 2008 equity loss from RBH legal settlement

⁽⁴⁾ For the calculation of net revenues excluding excise taxes and currency, refer to Slide 36

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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 Six Months Ended June 30, (Unaudited)

| | <u>2009</u> | <u>2008</u> | <u>% Change</u> |
|---|----------------|----------------|-----------------|
| Reported Diluted EPS | \$ 1.52 | \$ 1.59 | (4.4)% |
| Adjustments: | | | |
| Colombian investment and cooperation agreement charge | 0.04 | - | |
| Asset impairment and exit costs | - | 0.02 | |
| Equity loss from RBH legal settlement | - | 0.06 | |
| Adjusted Diluted EPS | \$ 1.56 | \$ 1.67 | (6.6)% |
| Add: | | | |
| Currency Impact | 0.35 | | |
| Adjusted Diluted EPS, Excluding Currency | \$ 1.91 | \$ 1.67 | 14.4 % |

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Reconciliation of Non-GAAP Measures
Reconciliation of Reported Diluted EPS to Reported Diluted EPS, Excluding Currency
For the Six Months Ended June 30,
(Unaudited)

| | <u>2009</u> | <u>2008</u> | <u>% Change</u> |
|---|------------------------------|------------------------------|-----------------|
| Reported Diluted EPS | \$ 1.52 | \$ 1.59 | (4.4)% |
| Add: | | | |
| Currency Impact | <u>0.35</u> | <u> </u> | |
| Reported Diluted EPS, Excluding Currency | <u><u>\$ 1.87</u></u> | <u><u>\$ 1.59</u></u> | 17.6 % |

Philip Morris International

PHILIP MORRIS INTERNATIONAL INC.
and Subsidiaries
Reconciliation of Non-GAAP Measures
Calculation of Total Debt to EBITDA and Net Debt to EBITDA Ratios
(in millions, except ratios)
(Unaudited)

| | June 30, | | | For the Year Ended |
|-----------------------------------|----------------------|---------------------|------------------|---------------------------|
| | 2009 | | | December 31, |
| | <u>July~December</u> | <u>January~June</u> | <u>12 months</u> | <u>2008</u> |
| | 2008 | 2009 | rolling | |
| Earnings before income taxes | \$ 4,941 | \$ 4,398 | \$ 9,339 | \$ 9,937 |
| Interest expense, net | 175 | 351 | 526 | 311 |
| Depreciation and amortization | 438 | 395 | 833 | 842 |
| EBITDA | \$ 5,554 | \$ 5,144 | \$ 10,698 | \$ 11,090 |
| | | | June 30, | December 31, |
| | | | 2009 | 2008 |
| Short-term borrowings | | | \$ 399 | \$ 375 |
| Current portion of long-term debt | | | 195 | 209 |
| Long-term debt | | | 13,480 | 11,377 |
| Total debt | | | \$ 14,074 | \$ 11,961 |
| Less: Cash and cash equivalents | | | 2,602 | 1,531 |
| Net Debt | | | \$ 11,472 | \$ 10,430 |
| <u>Ratios</u> | | | | |
| Total Debt to EBITDA | | | 1.32 | 1.08 |
| Net Debt to EBITDA | | | 1.07 | 0.94 |



PHILIP MORRIS INTERNATIONAL

2009 Second-Quarter Results

23 July 2009