



PHILIP MORRIS
INTERNATIONAL

2010
INVESTOR DAY

Investor Day

Lausanne, June 23, 2010

Hermann Waldemer

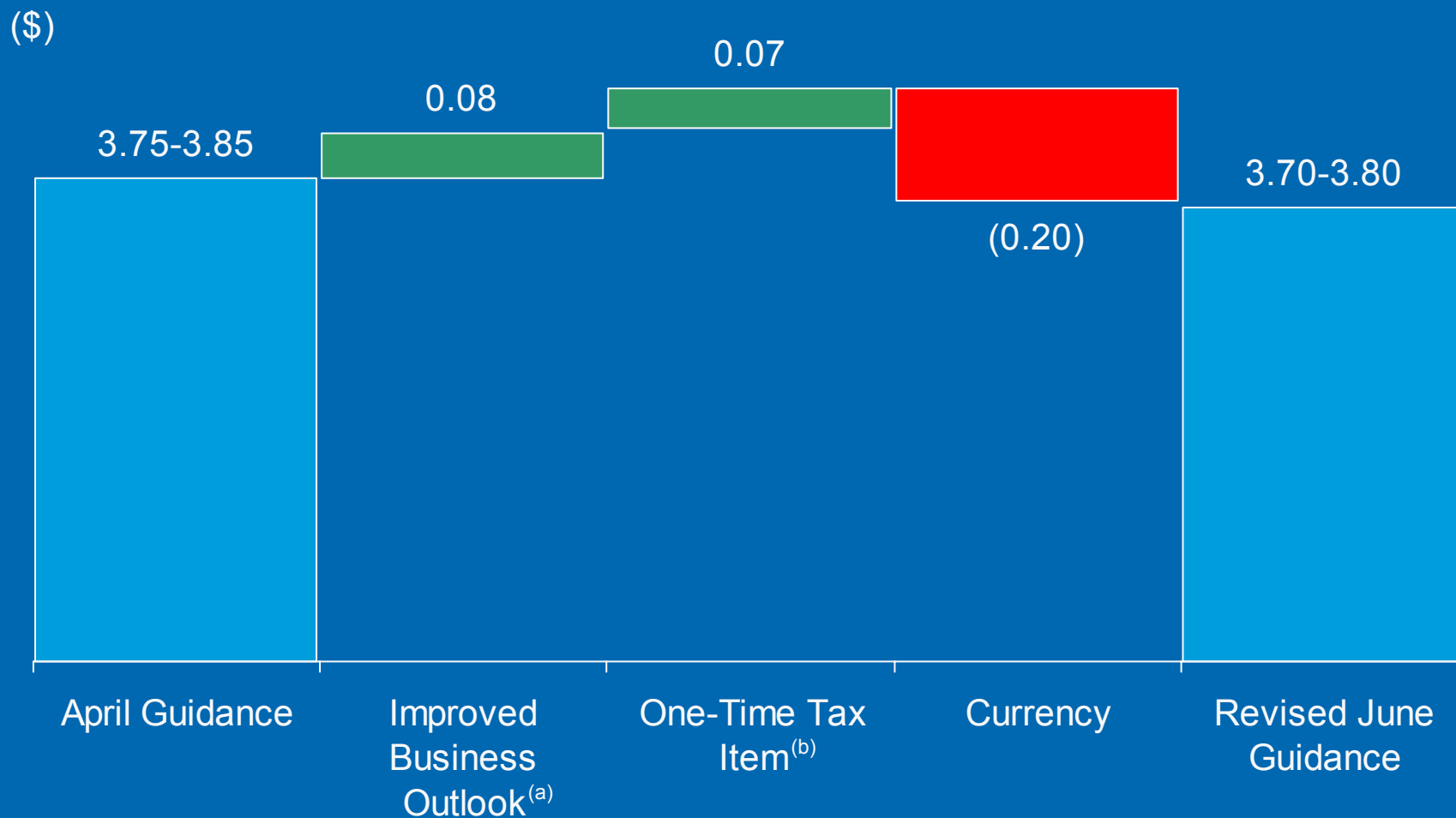
Chief Financial Officer

Philip Morris International



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2010 Revised EPS Guidance



(a) In particular with regards to Japan

(b) Reversal of provisions, largely due to the successful completion of 2000-2003 tax audits

Source: PMI Finance



2010 Revised EPS Guidance

- Revised PMI 2010 reported diluted EPS guidance is \$3.70 to \$3.80, based on prevailing exchange rates
- Globally, currency now broadly neutral compared to last year
- Guidance represents a reported diluted EPS growth rate of 14% to 17% compared to \$3.24 achieved in 2009
- Currency neutral annual growth rates are higher than those projected in April



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Outlook

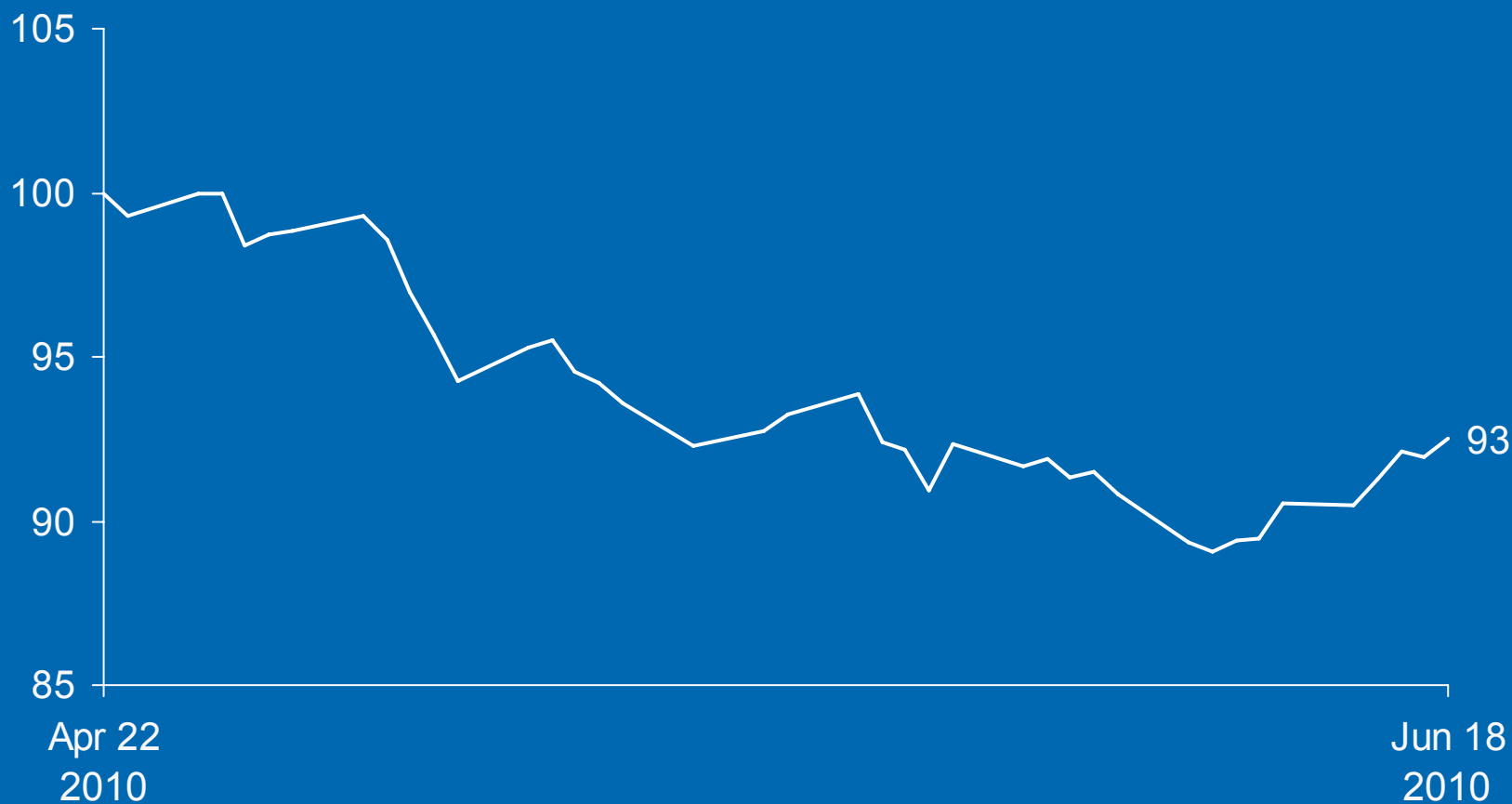
- Exchange rates
- Japan
- Underlying business



Exchange Rates vs. USD

Daily Average Indices

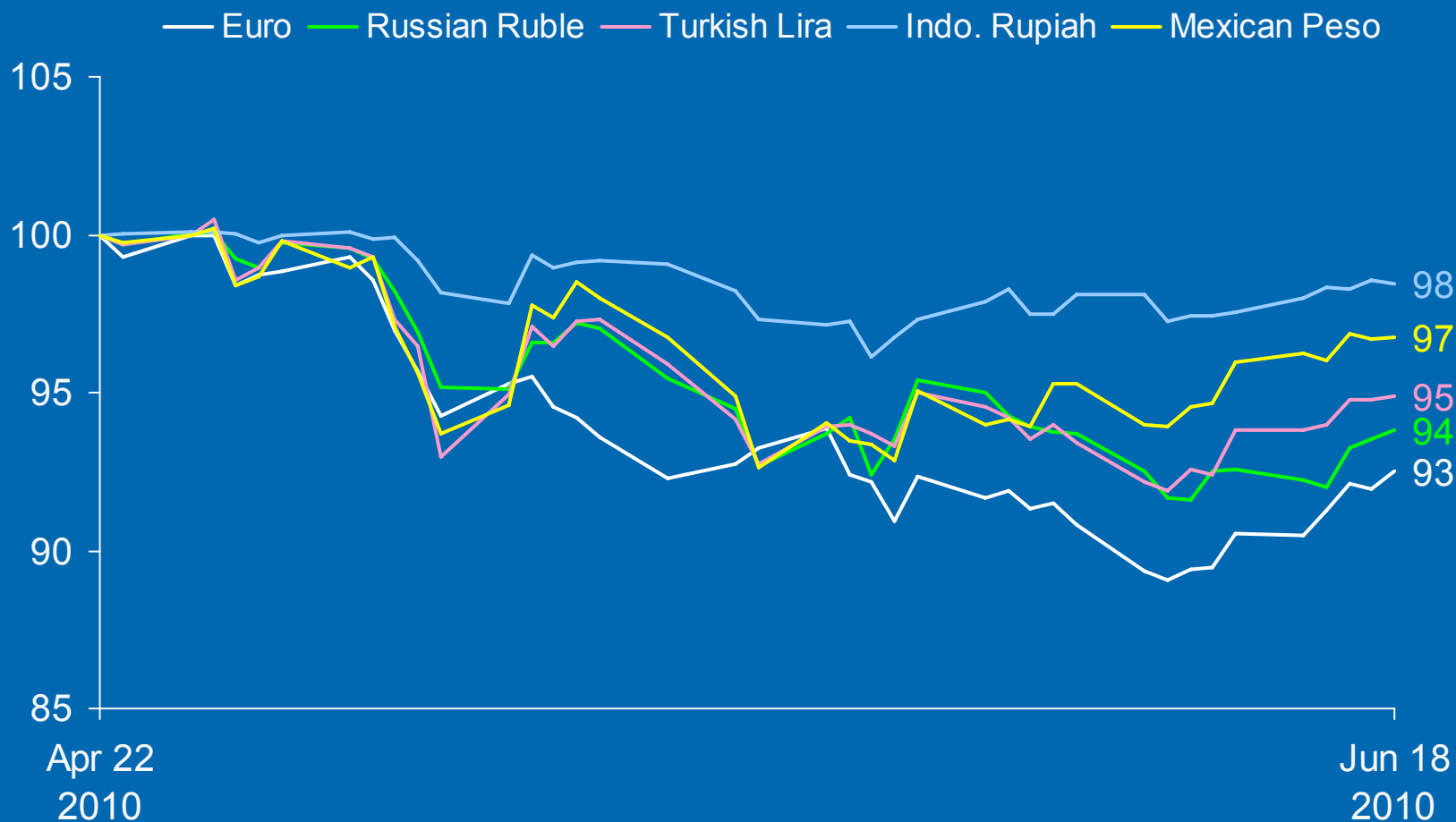
— Euro





Exchange Rates vs. USD

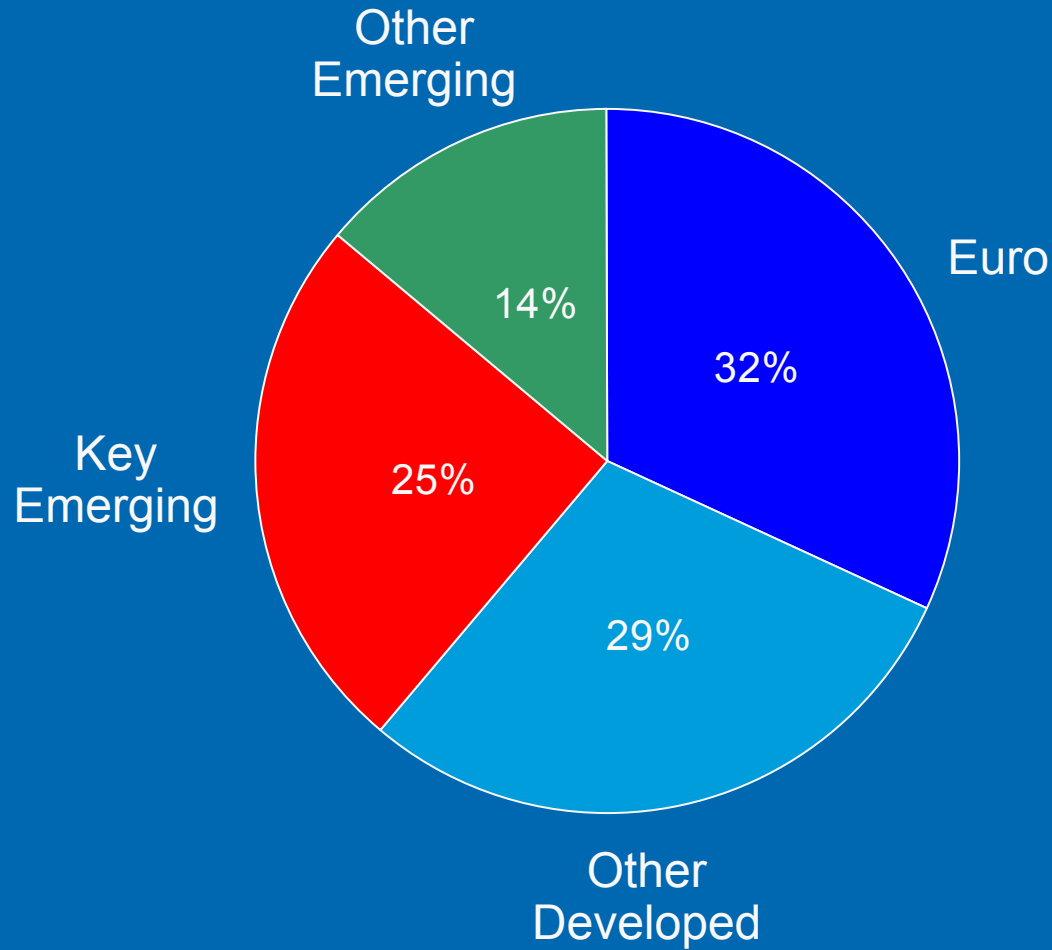
Daily Average Indices





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PMI 2009 Net Revenues by Currency





Exchange Rates

	<u>2009 Average</u>	<u>June 18, 2010</u>	<u>% Variance</u>
USD vs. Euro	1.38	1.24	-10.2%
<u>vs. USD</u>			
Swiss Franc	1.10	1.11	-1.1%
Japanese Yen	91.10 ^(a)	91.01	0.1%
Russian Ruble	31.42	31.04	1.2%
Ukrainian Hryvnia	8.08	7.92	2.0%
Turkish Lira	1.56	1.56	-0.1%
Indonesian Rupiah	10,547	9,158	13.2%
Mexican Peso	13.55	12.59	7.1%

(a) PMI effective rate taking transactional currency hedging into consideration
Source: PMI Financials (2009) and Bloomberg London Close (2010)



Japan

(Yen per pack of 20)	<u>Current</u>	<u>Oct 2010</u>	<u>Variance</u>
National Excise Tax	71.04	106.04	35.00
Local Excise Tax	87.44	122.44	35.00
Special Tobacco Tax	16.40	16.40	-
Total	174.88	244.88	70.00

- PMI obtained permission to increase prices by 20 Yen per pack in June



Japan

(Yen per pack of 20)	<u>Current</u>	<u>Oct 2010</u>	<u>Variance</u>
National Excise Tax	71.04	106.04	35.00
Local Excise Tax	87.44	122.44	35.00
Special Tobacco Tax	16.40	16.40	-
Total	174.88	244.88	70.00

- JT announced at end of April plans to increase prices by 100-140 Yen per pack in October
- PMI pricing decision pending
- Adverse volume impact in 2010/11 very difficult to forecast
- Changes in trade and consumer purchasing patterns will impact the timing of shipments



Underlying Business

- Additional tax increases in Australia, Egypt and Greece
- Excise taxation manageable despite increased pressure related to government debt concerns
- Pricing continues to be strong in 2010



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Underlying Business

- Additional tax increases in Australia, Egypt and Greece
- Excise taxation manageable despite increased pressure related to government debt concerns
- Pricing continues to be strong in 2010
- Stronger outlook in Asia and Latin America
- Economic recovery, but unemployment remains high



Underlying Business

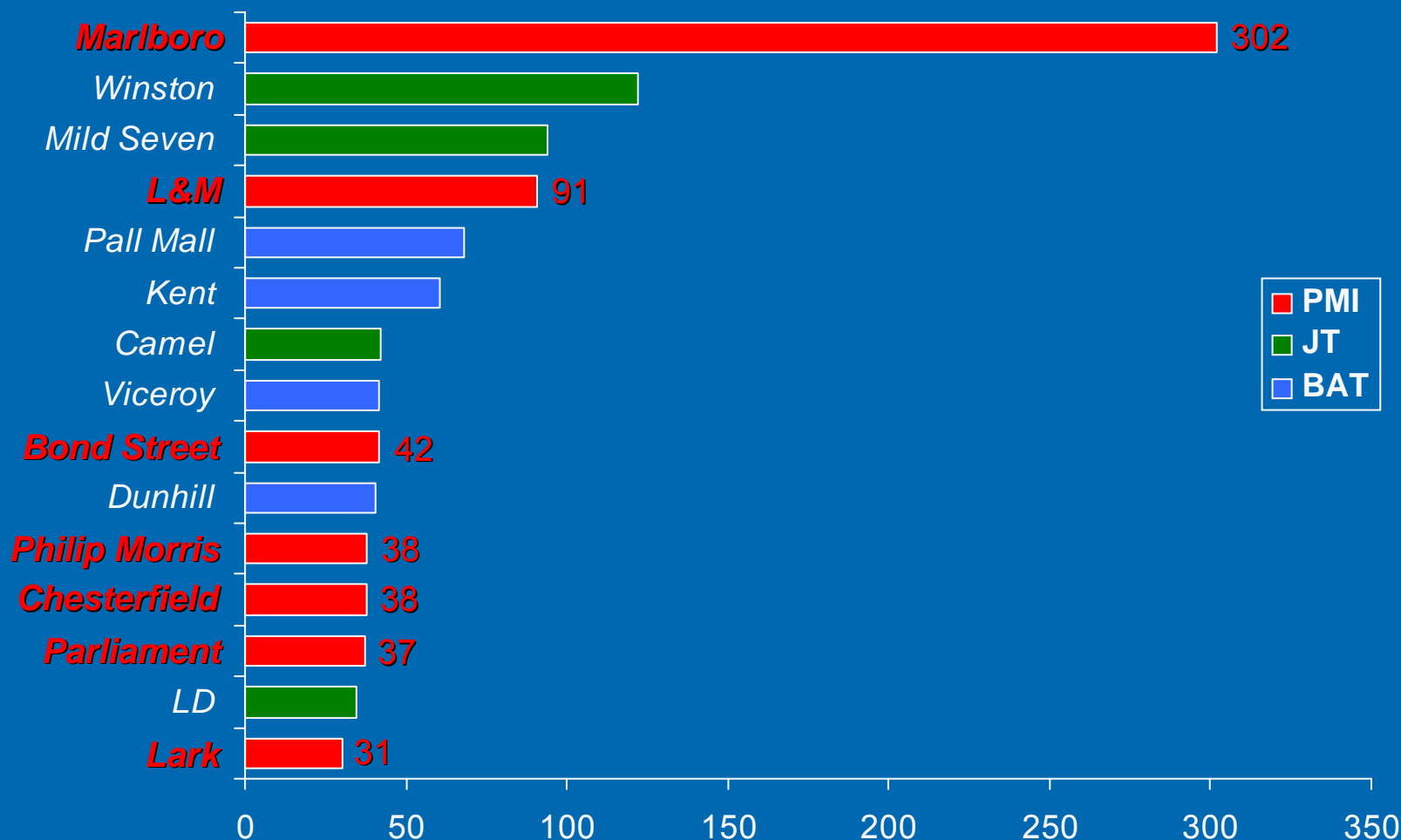
- Additional tax increases in Australia, Egypt and Greece
- Excise taxation manageable despite increased pressure related to government debt concerns
- Pricing continues to be strong in 2010
- Stronger outlook in Asia and Latin America
- Economic recovery, but unemployment remains high
- Positive market share developments
- Organic volume performance expected to be in line with 2009



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Top 15 International Brands (2009)

(billion units)



Marlboro Architecture



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Flavor Line
“Flavor enjoyment”



Gold Line
“Smooth taste and style”



Fresh Line
“Fresh taste sensations”

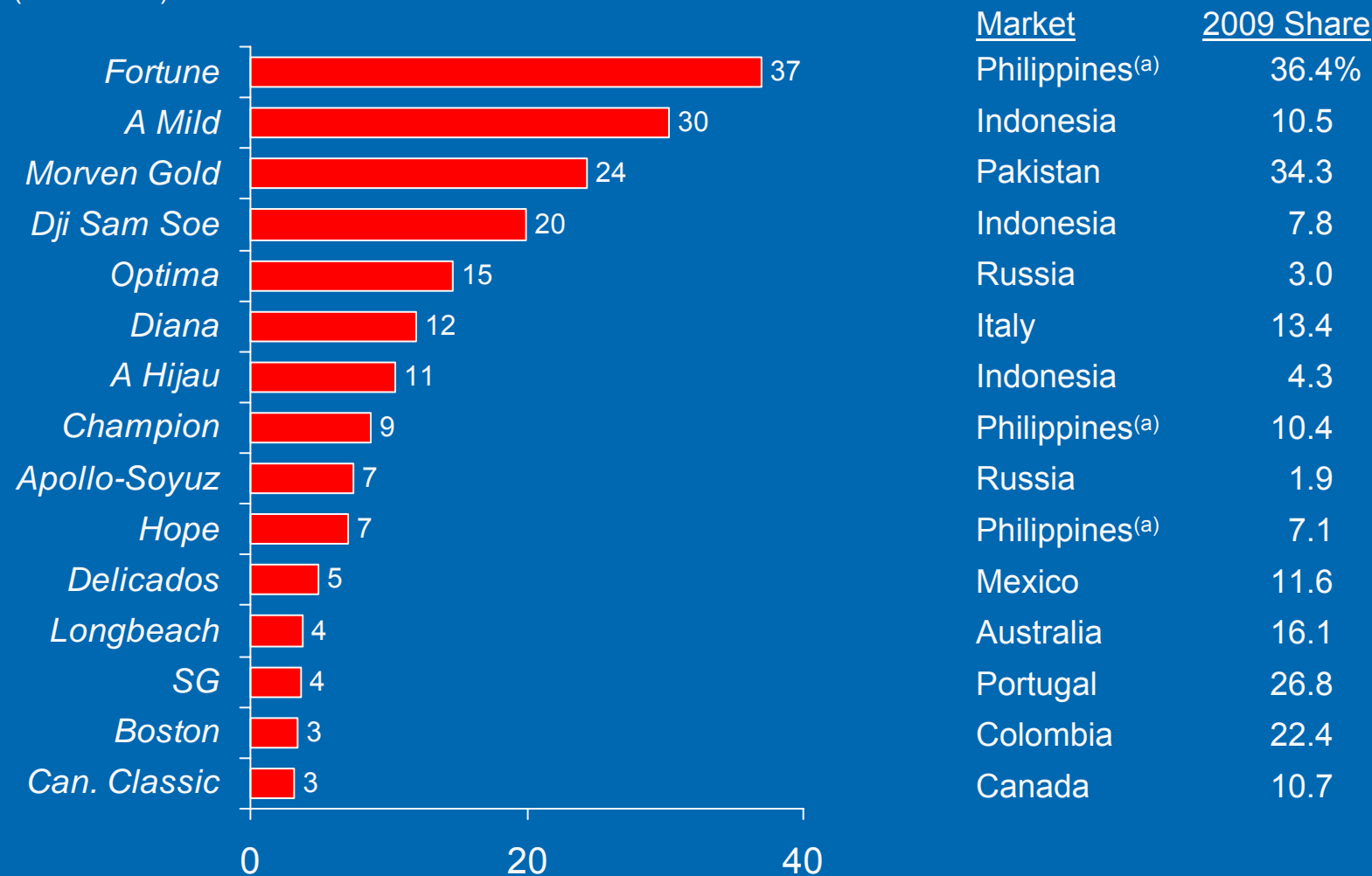




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PMI Local Heritage Brands

(billion units)

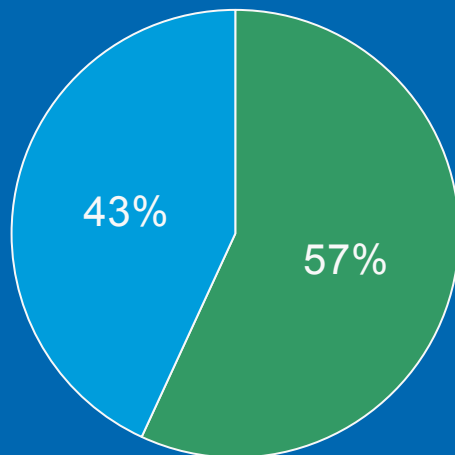


(a) Pro forma to reflect PMI's recently announced transaction with Fortune Tobacco Corporation. These brands are owned by PMFTC Inc.
Source: PMI Financials, A.C. Nielsen and PMI estimates

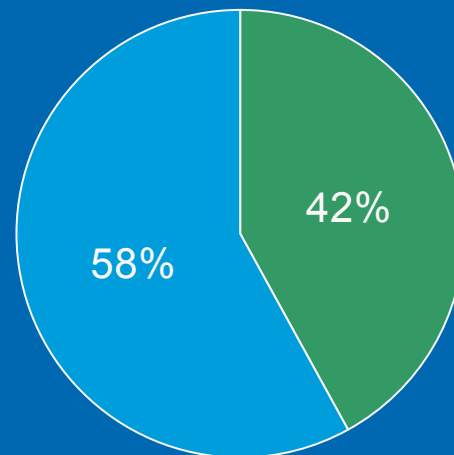


PMI Geographic Reach

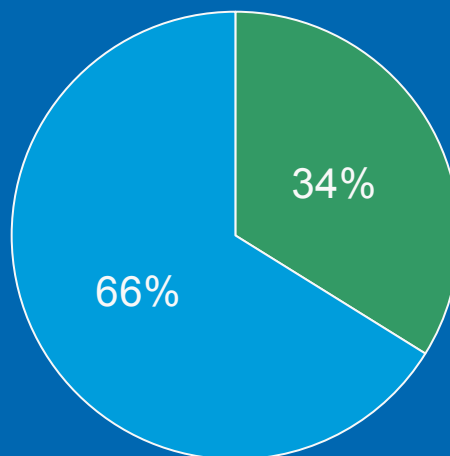
■ OECD ■ non-OECD



Volume – Q1, 2010



Net Revenues – Q1, 2010

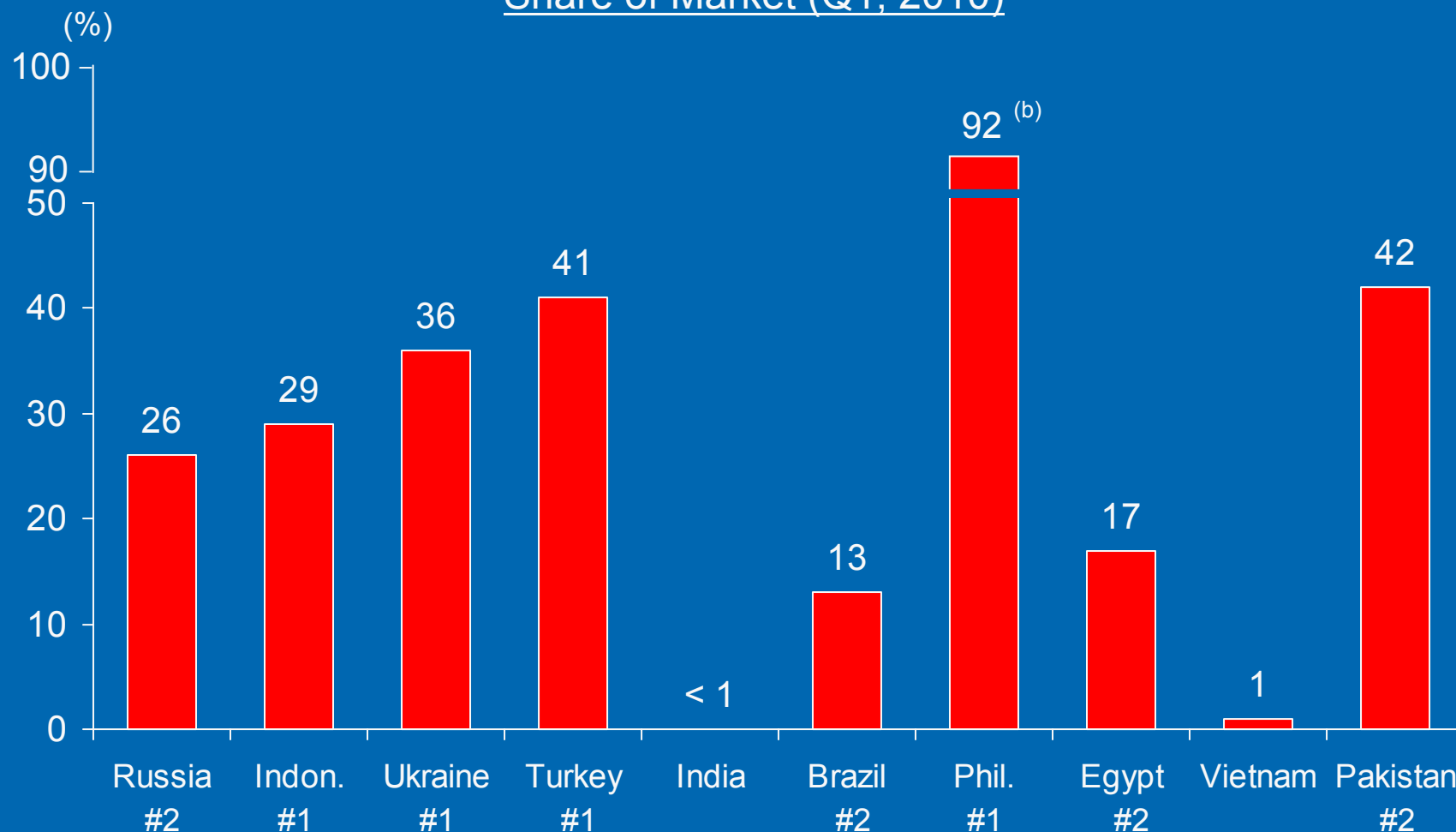


Reported OCI – Q1, 2010



PMI Market Shares in Top 10 Emerging Markets^(a)

Share of Market (Q1, 2010)



(a) Ranked by industry volume, excluding the PRC

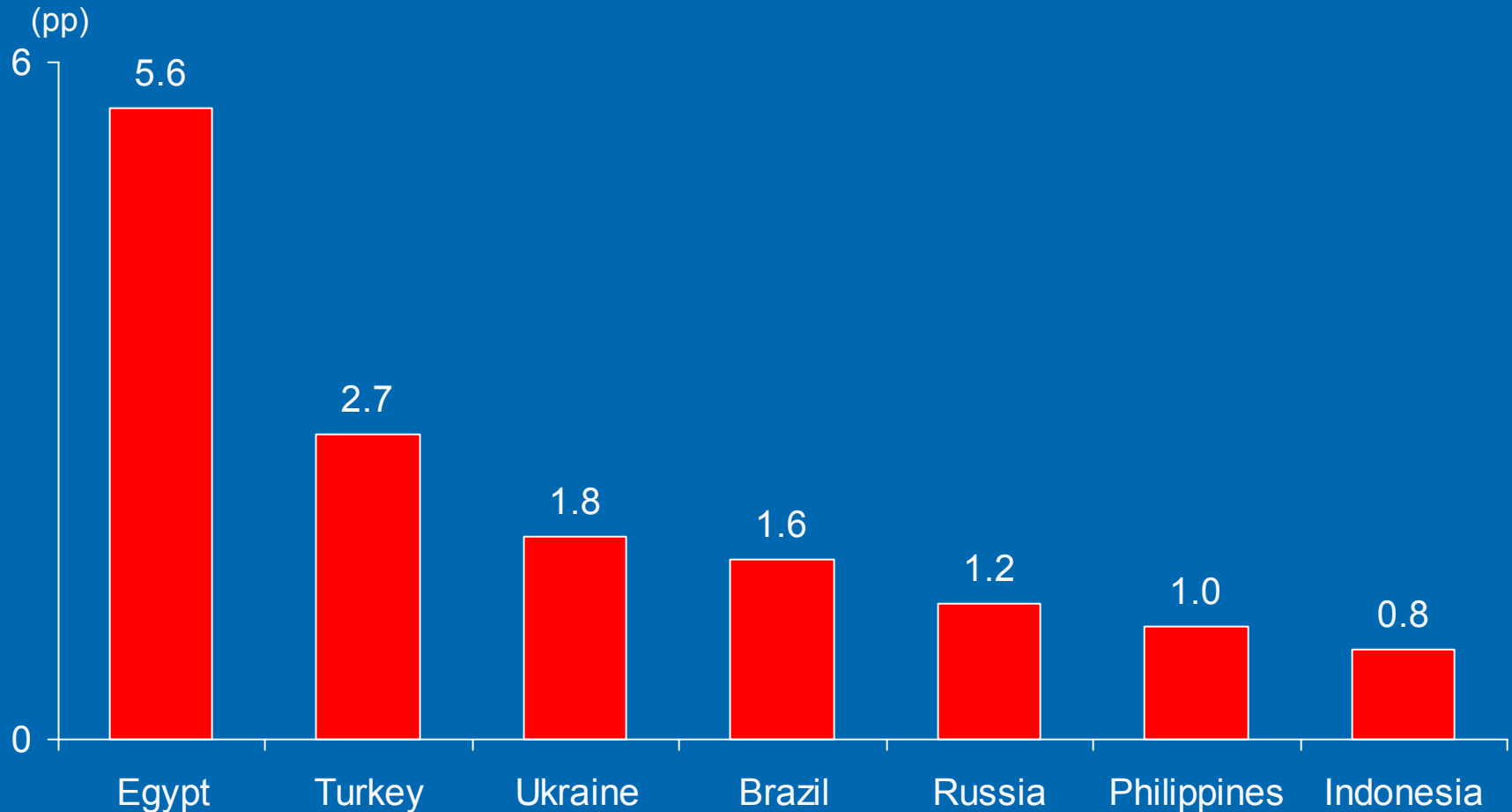
(b) Pro forma to reflect PMI's recently announced transaction with Fortune Tobacco Corporation

Source: A.C. Nielsen and PMI estimates



PMI Organic Growth in Emerging Markets

2009 vs. 2006 Share of Market Variance



Cigarette Acquisitions



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MEROKOK DAPAT MENYEBABKAN KANKER, SERANGAN JANTUNG, IMPOTENSI DAN GANGGUAN KEHAMILAN DAN JANIN

Sampoerna (Indonesia)



EL TABACO ES NOCIVO PARA LA SALUD

Coltabaco (Colombia)



خبردار: تمباکو نوشی کینسر اور دل کی بیماریوں کا باعث ہے۔ وزارت صحت

Lakson (Pakistan)

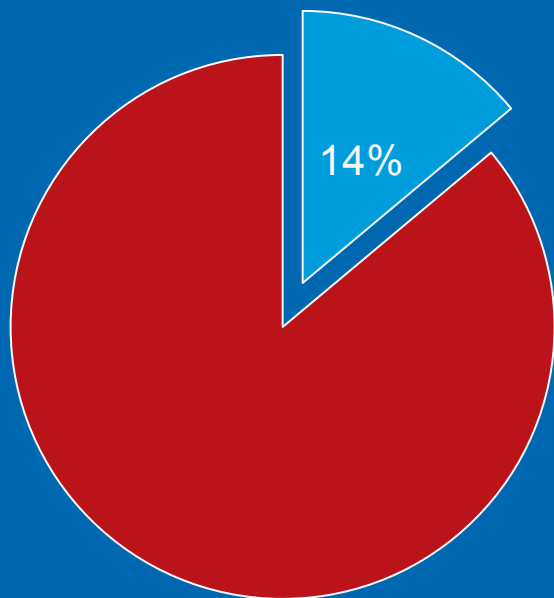


Rothmans Inc. (Canada)

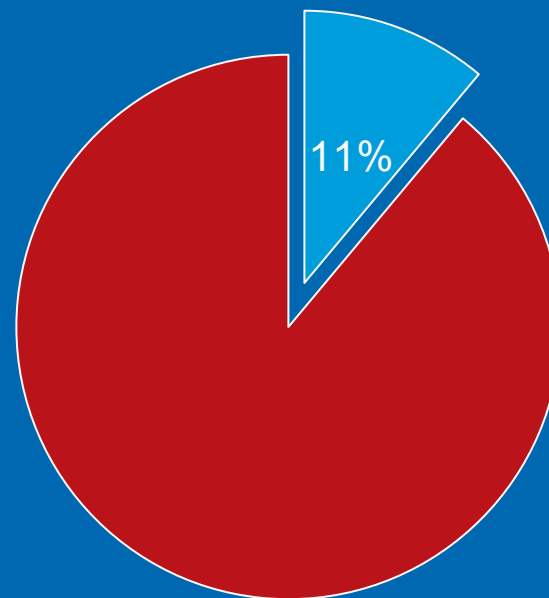
Cigarette Acquisitions



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2009 Volume



2009 Adjusted OCI

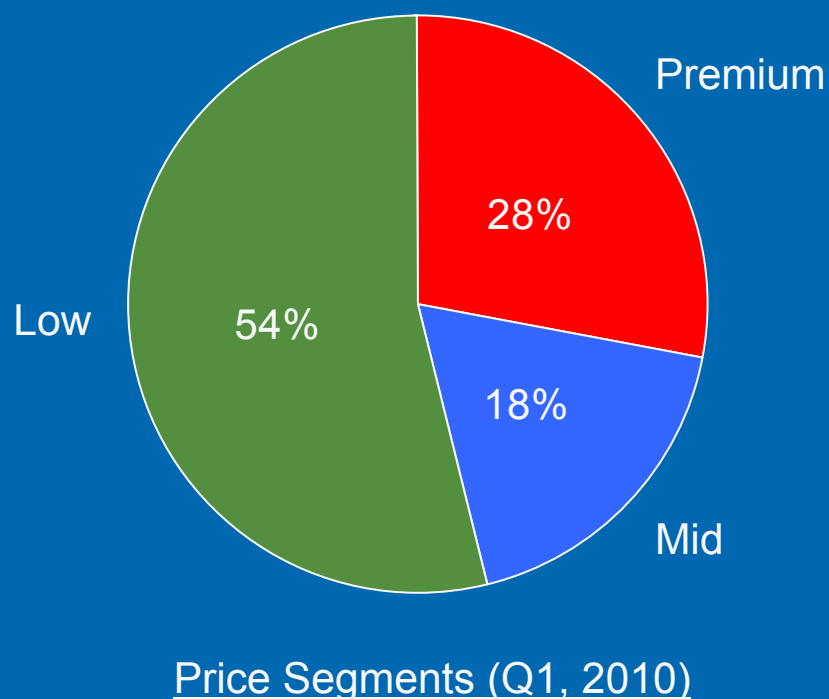
Note: Share of PMI volume and PMI adjusted OCI for Canada, Colombia, Indonesia and Pakistan collectively. Adjusted OCI excludes one-time charges related to the Colombian Cooperation Agreement, asset impairment, exit and other costs

Source: PMI Financials



Philippines

- 85 billion unit cigarette market in 2009
- Favorable demographic profile and increasing consumer purchasing power



Price Segments (Q1, 2010)

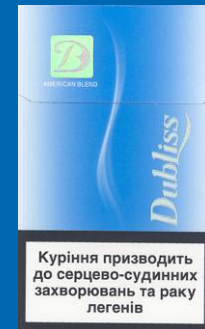


China



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- International joint venture with China National Tobacco Corporation (“CNTC”)
- Eight markets
- *RGD* had Q1, 2010 share of:
 - 3.4% in Slovakia
 - 2.0% in Czech Republic



China



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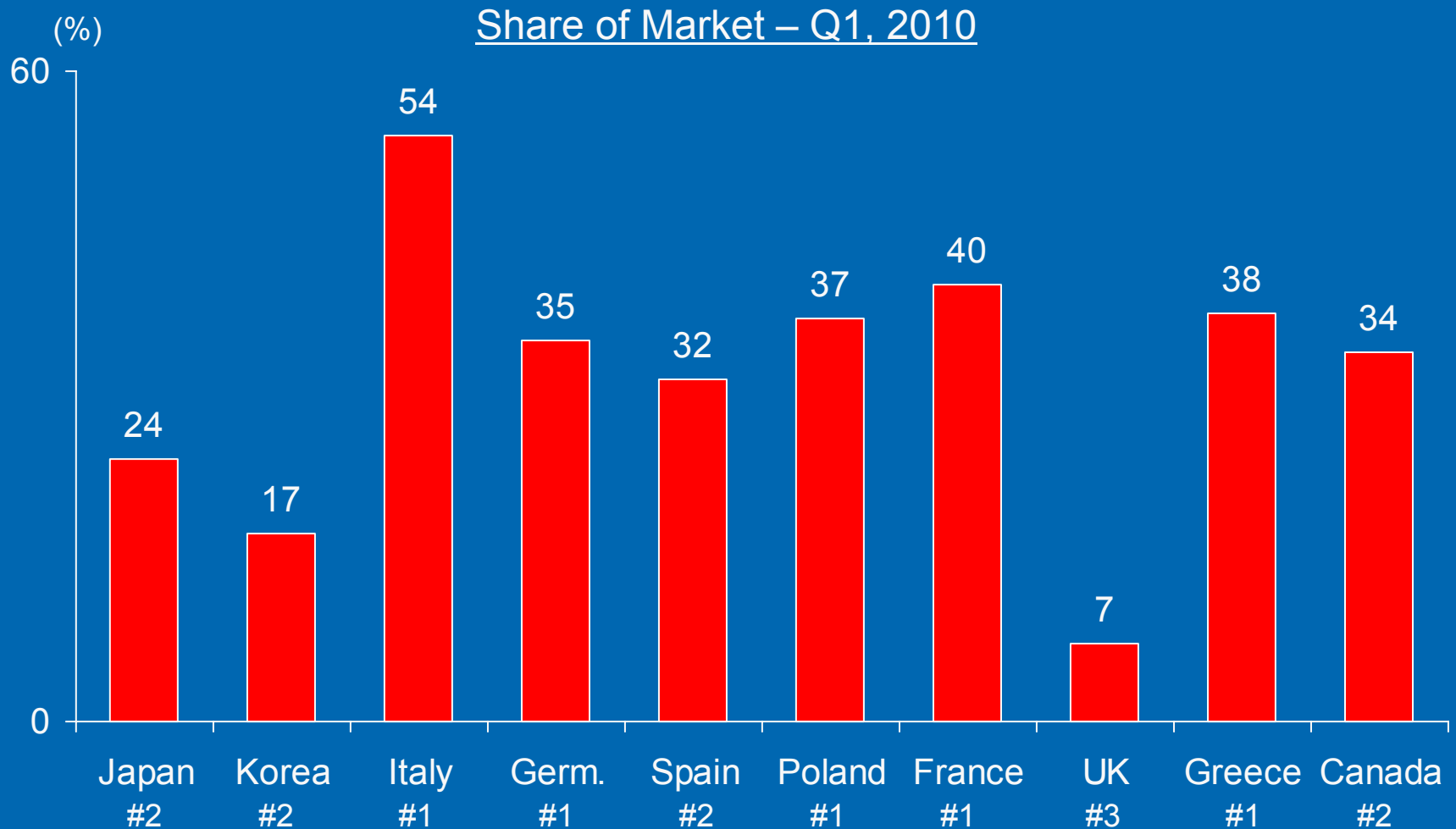
- License arrangement
- Production in two factories
- Distribution by CNTC
- 1.3 billion units in 2009





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PMI Shares in Top 10 Developed Markets^(a)



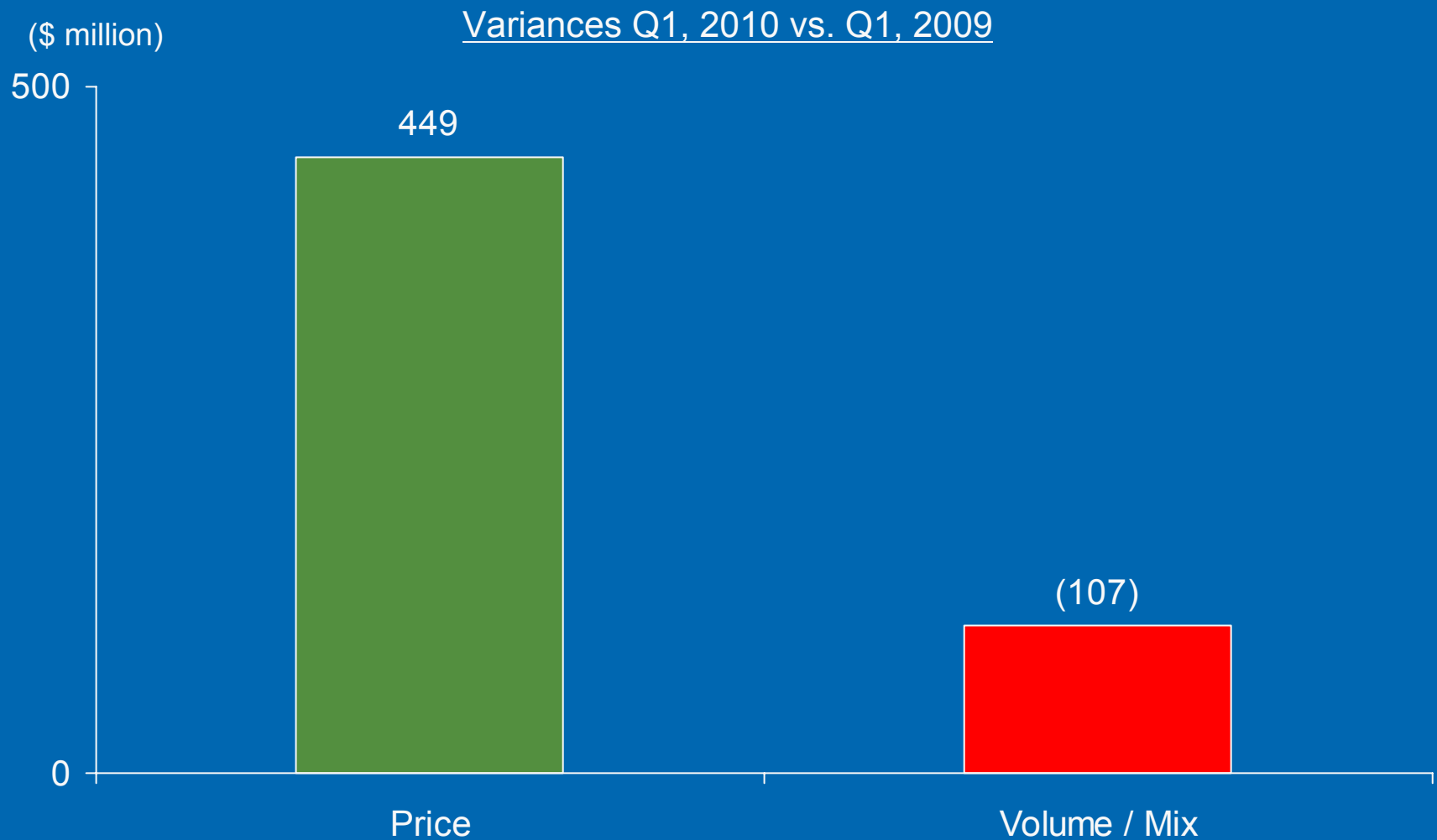
(a) Ranked by industry volume, excluding the United States

Source: Tobacco Institute of Japan, Hankook Research, PMI estimates and A.C. Nielsen



Pricing Strategy

- Market by market assessment:
 - Excise taxation levels and structures
 - Consumer affordability
 - Competitive environment
- Reduced price skirmishes over the last couple of years, although price competition remains robust



PMI Results vs. Mid to Long-Term Currency Neutral Annual Growth Targets



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	<u>Mid to Long-Term Annual Growth Targets</u>	<u>FY, 2008</u>	<u>FY, 2009</u>	<u>Q1, 2010</u>
Net Revenues ^{(a)(b)}	4 – 6 %	+ 5.6 %	+ 5.3 %	+ 6.1 %
Adjusted OCI ^{(b)(c)}	6 – 8 %	+ 9.8 %	+ 8.7 %	+ 8.6 %
Adjusted Diluted EPS ^{(c)(d)}	10 – 12 %	+ 12.9 %	+ 15.4 %	+ 13.5 %

(a) Excluding excise taxes

(b) Excluding currency and acquisitions

(c) Excluding asset impairment, exit and other costs

(d) Excluding currency; 2008 results compared to pro forma 2007 results

Note: For 2008 vs. 2007 reconciliations, please refer to slides 88-90 in November 2009 Morgan Stanley presentation, available on PMI's website

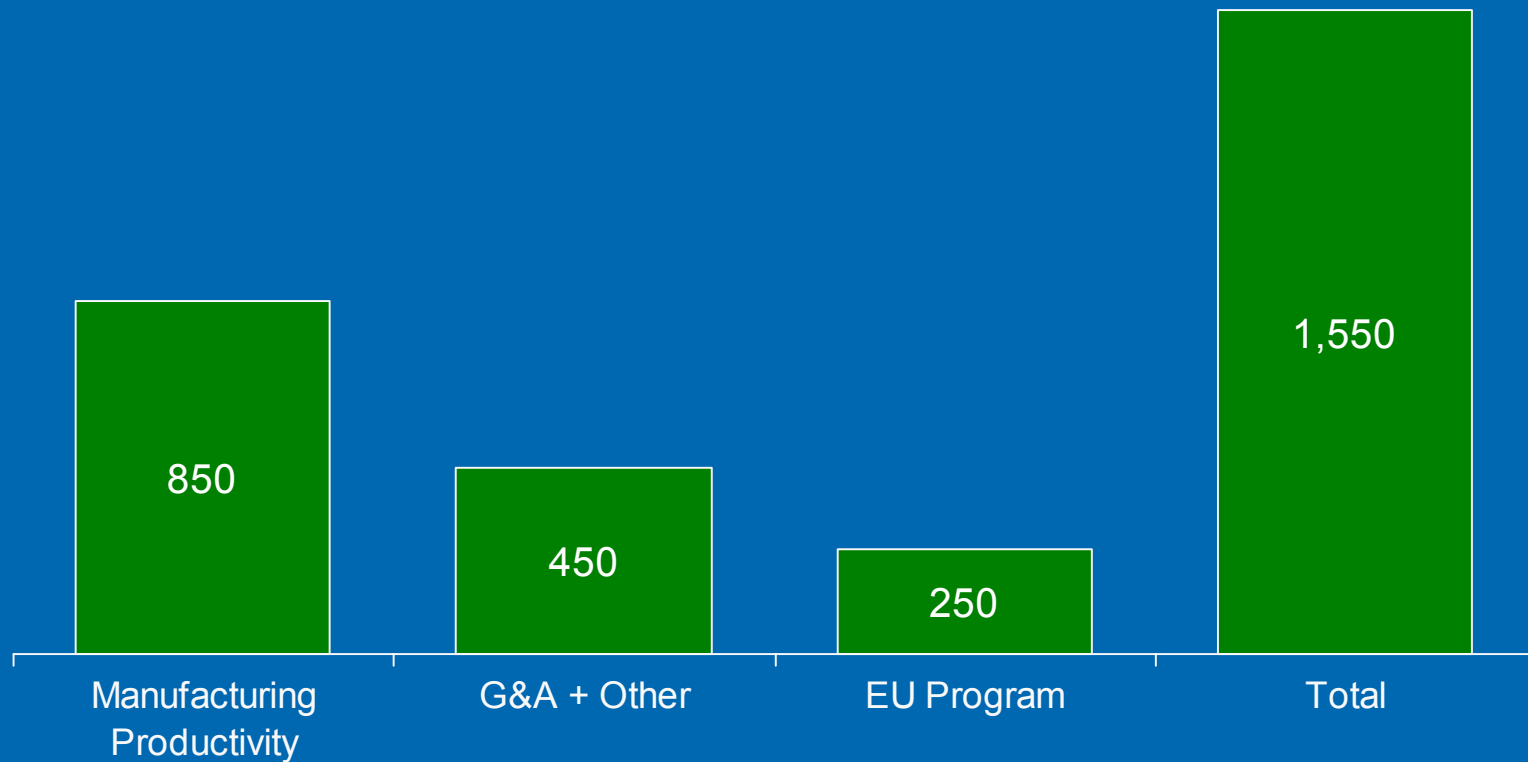
Source: PMI Financials



Productivity and Cost Savings Program

Forecast Cumulative Gross Cost Savings (2008-2010)

(\$ million)





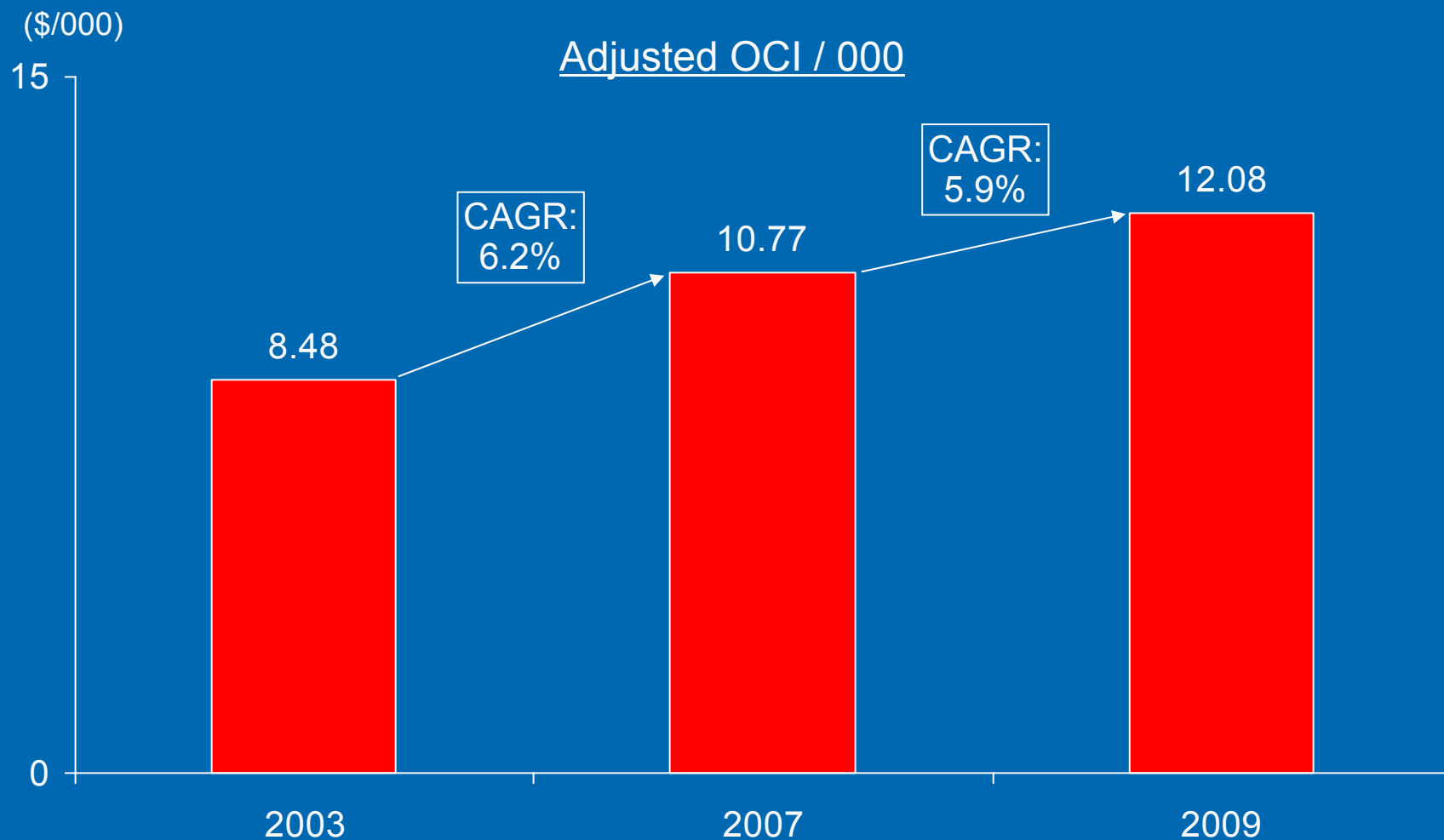
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Manufacturing Productivity

- Repatriation of volume from USA to Europe
- Clustering of support functions
- Blend and specifications rationalization
- Supply chain and logistics



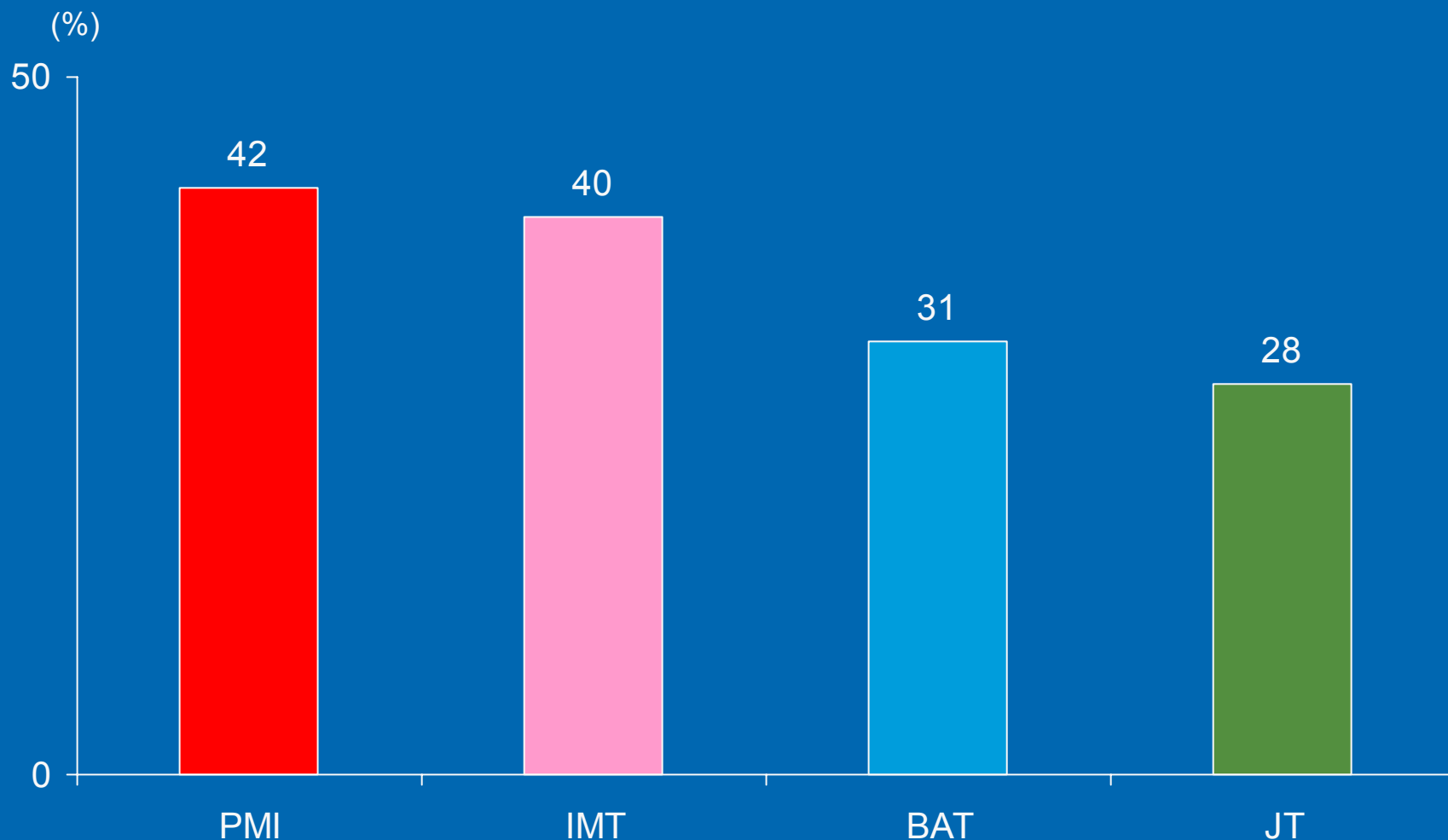
PMI Operating Performance





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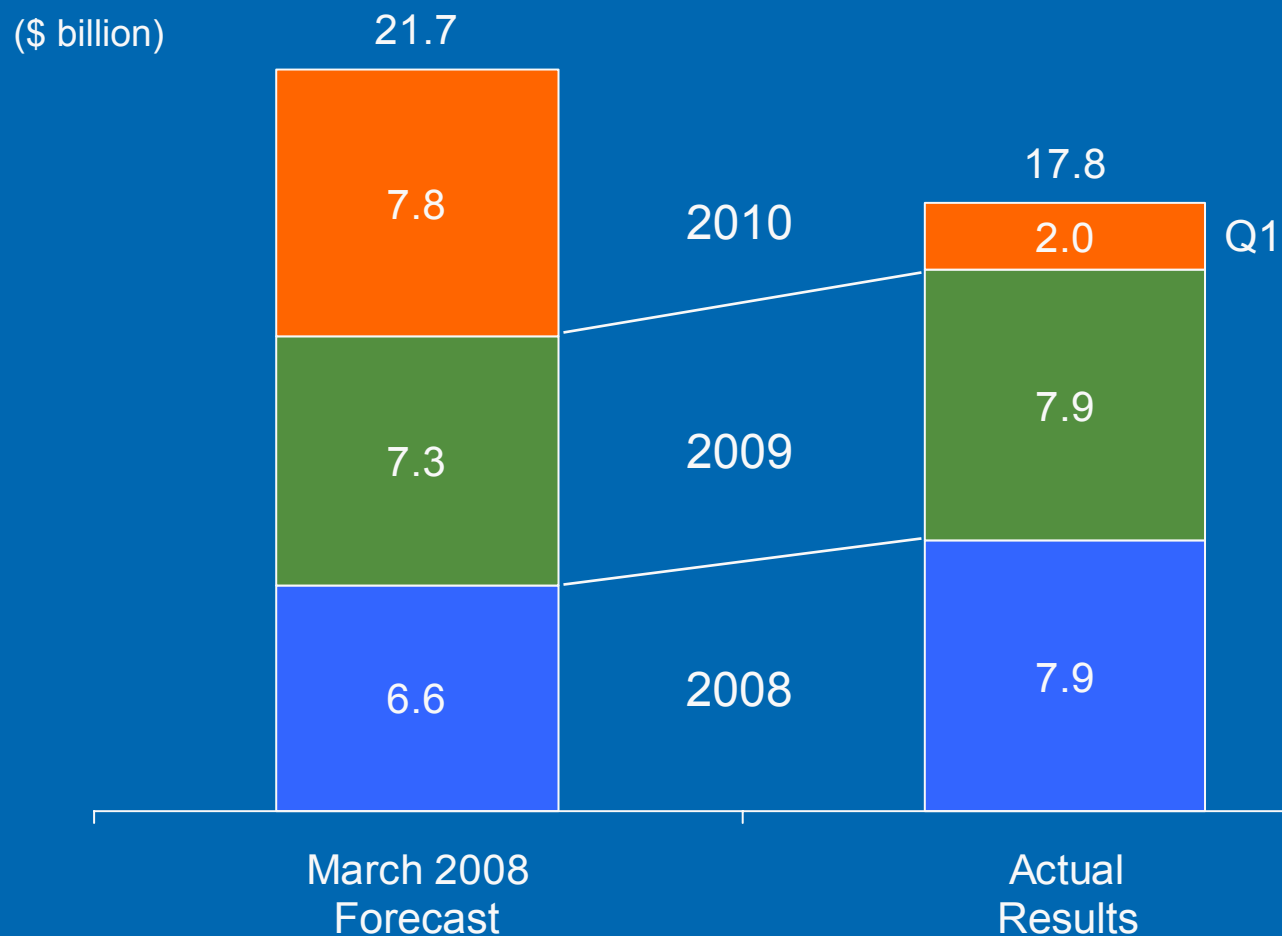
2009 Adjusted Operating Margins



Source: PMI Financials and competitive data based on respective company reports



Cumulative Operating Cash Flow (2008-2010)





Net Earnings Conversion to Cash Flow

(\$ million)	<u>2008</u>	<u>2009</u>
Net Earnings	7,150	6,552
Depreciation & Amortization	842	853
Working Capital	(133) ^(a)	552
Other	76	(73) ^(b)
Operating Cash Flow	7,935	7,884
Conversion Rate^(c)	1.11	1.20

(a) Negative movement in working capital in 2008, largely due to forestalling. Regulations have now been tightened in Central Europe

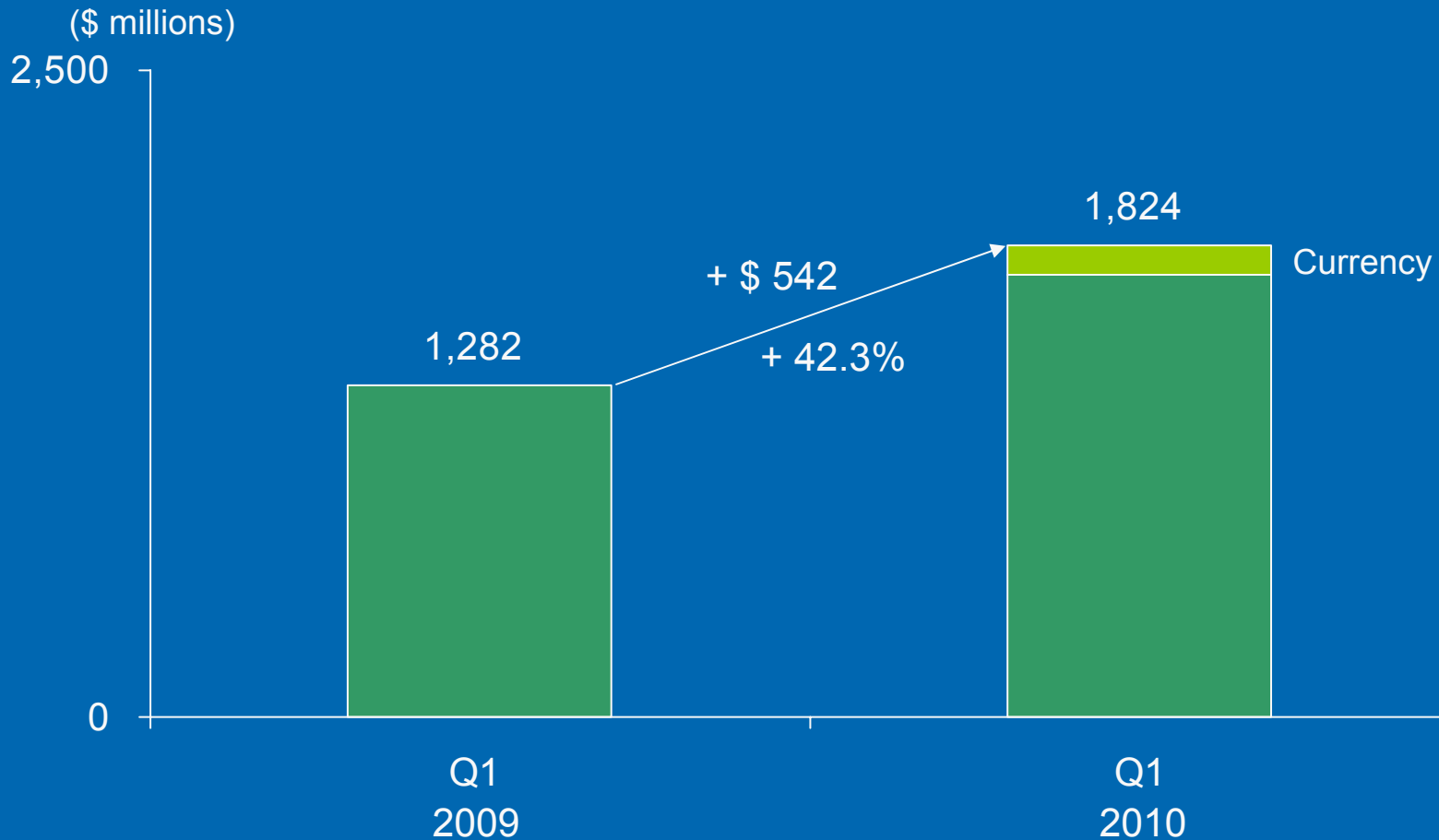
(b) Lower Other in 2009 mainly due to higher pension contributions

(c) Conversion rate is operating cash flow divided by net earnings

Source: PMI Financials



Free Cash Flow^(a)

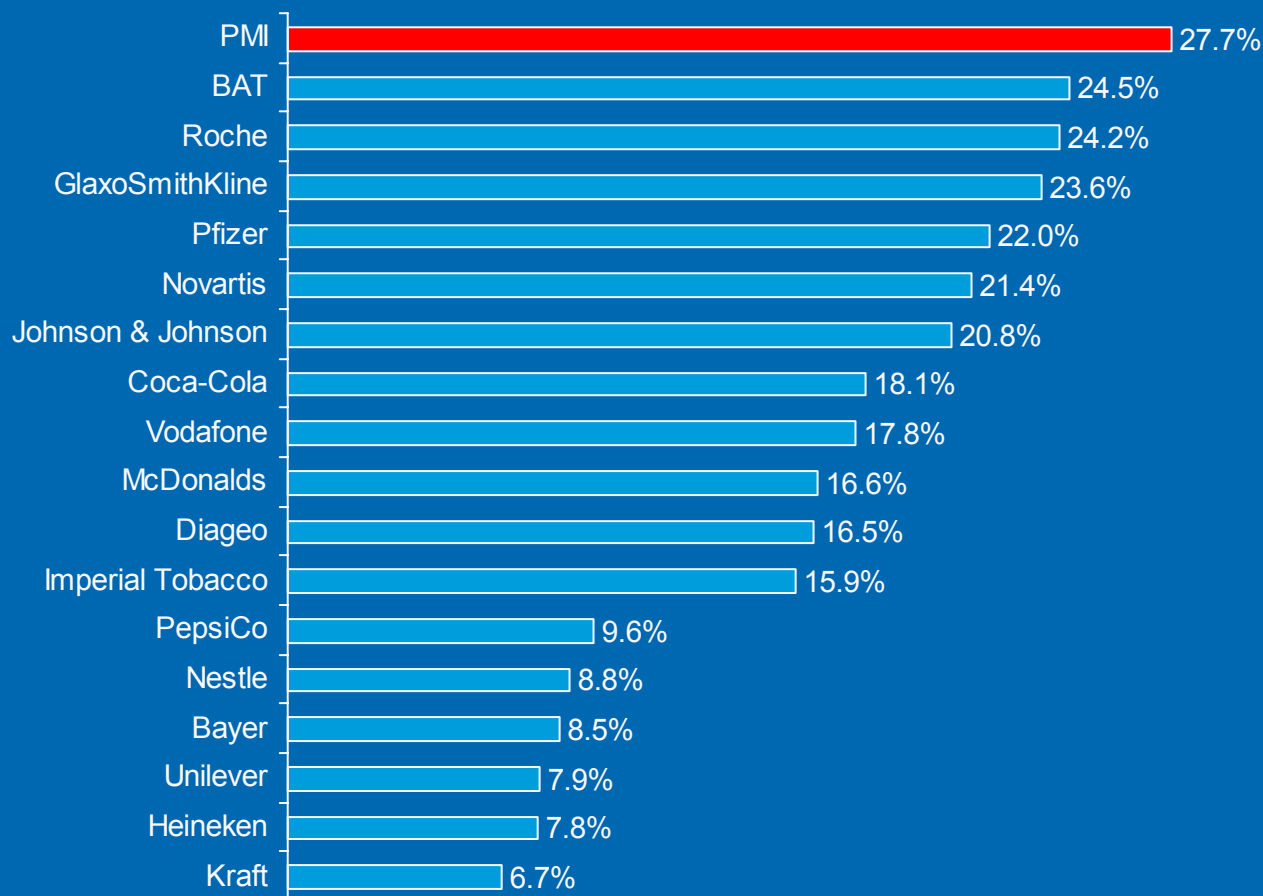


(a) Free cash flow equals net cash provided by operating activities less capital expenditures
Source: PMI Financials



Free Cash Flow as a % of Net Revenues – Peer Group

January 1, 2008 – 31 March, 2010



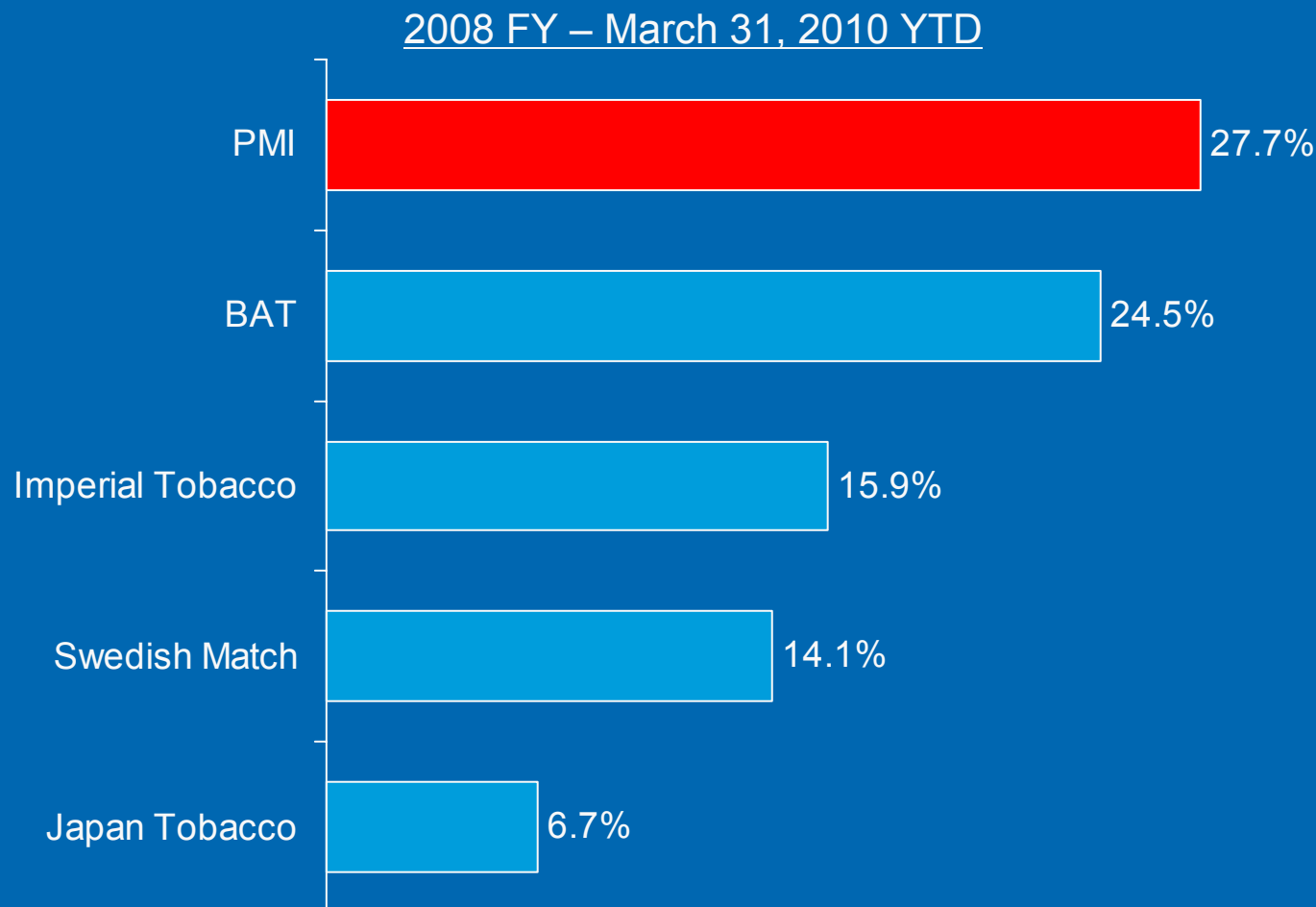
Note: Free Cash Flow as a % of Net Revenue is defined as total Free Cash Flow during January 1, 2008 – March 31, 2010 (\$15,829 million) over the total revenue during the same period (\$57,236 million). Free Cash Flow is defined as Operating Cash Flow (\$17,793 million) less Capital Expenditures (\$1,964 million). Nearest comparable period is used where the January 1, 2008 – March 31, 2010 comparison is unavailable

Source: Company filings, FactSet and Capital IQ

Free Cash Flow as a % of Net Revenues – International Tobacco Sector



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Note: Free Cash Flow as a % of Net Revenue is defined as total Free Cash Flow during January 1, 2008 – March 31, 2010 (\$15,829 million) over the total revenue during the same period (\$57,236 million). Free Cash Flow is defined as Operating Cash Flow (\$17,793 million) less Capital Expenditures (\$1,964 million). Nearest comparable period is used where the January 1, 2008 – March 31, 2010 comparison is unavailable
Source: Company filings, FactSet and Capital IQ



Working Capital Enhancement Program

- Benchmarking to determine key opportunities
- Tobacco leaf and finished goods inventories identified
- Role of forestalling
- Investments in information technology



Incremental \$750 million - \$1 billion expected to
be generated over three years (2010-2012)



Capital Structure

- Tremendous cash flow underpins our strong balance sheet
- Long-term credit ratings: A2 / A / A
- Short-term credit ratings: P-1 / A-1 / F1
- Over \$14 billion well-laddered bonds with an attractive weighted average cost of 5.5%
- Total available and undrawn bank revolver credit of \$5.2 billion
- Access to tier 1 commercial paper market



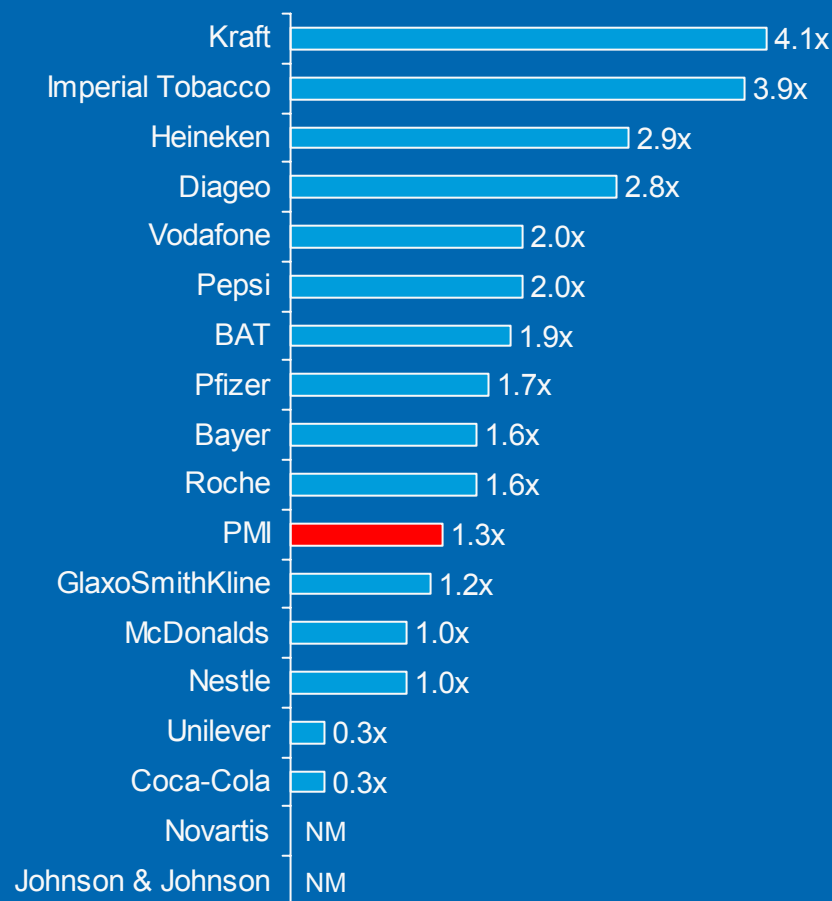
Capital Structure

- Net debt to EBITDA has increased from 0.6 at end March 2008 to 1.3 at end March 2010
- Goal is to maintain current credit ratings and flexibility to make acquisitions
- Intention is to maintain our leverage at levels that are compatible with our credit ratings

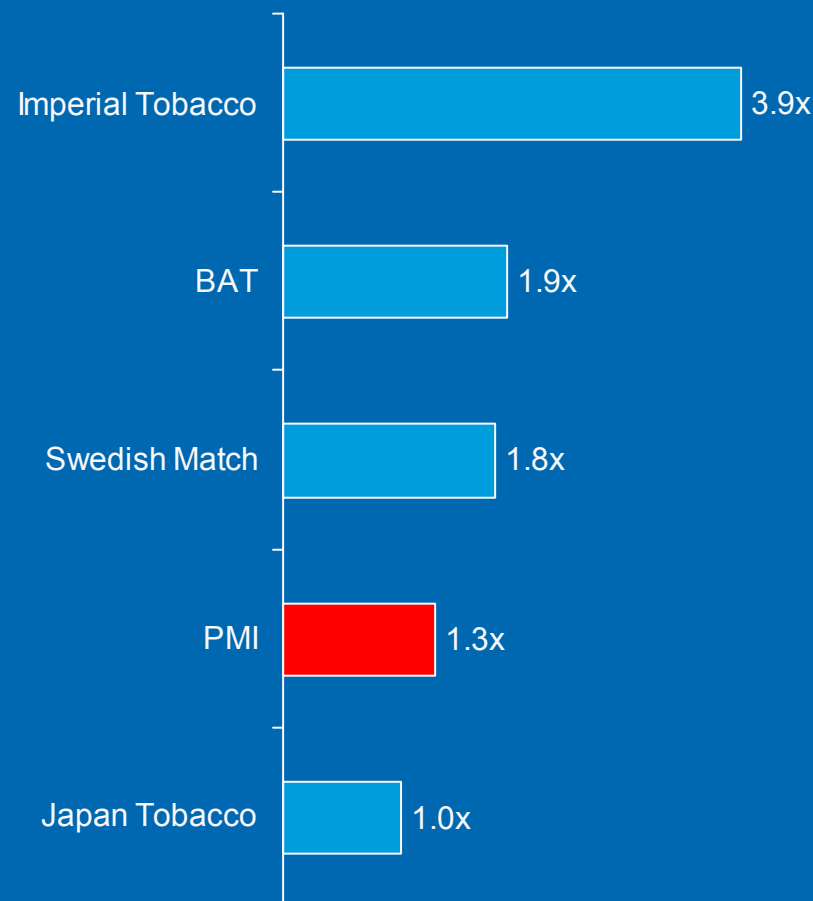


Net Debt to EBITDA

Peer Group



Tobacco Sector



Note: PMI's Net Debt and EBITDA was \$15,160 million and \$11,318 million for the 12 months ending March 31, 2010, respectively. Please see relevant reconciliations to most comparable GAAP measures posted on our website or at the end of this presentation

Source: Company filings, Capital IQ and FactSet. Figures are for the 12 month period ending March 31, 2010 or nearest comparable period



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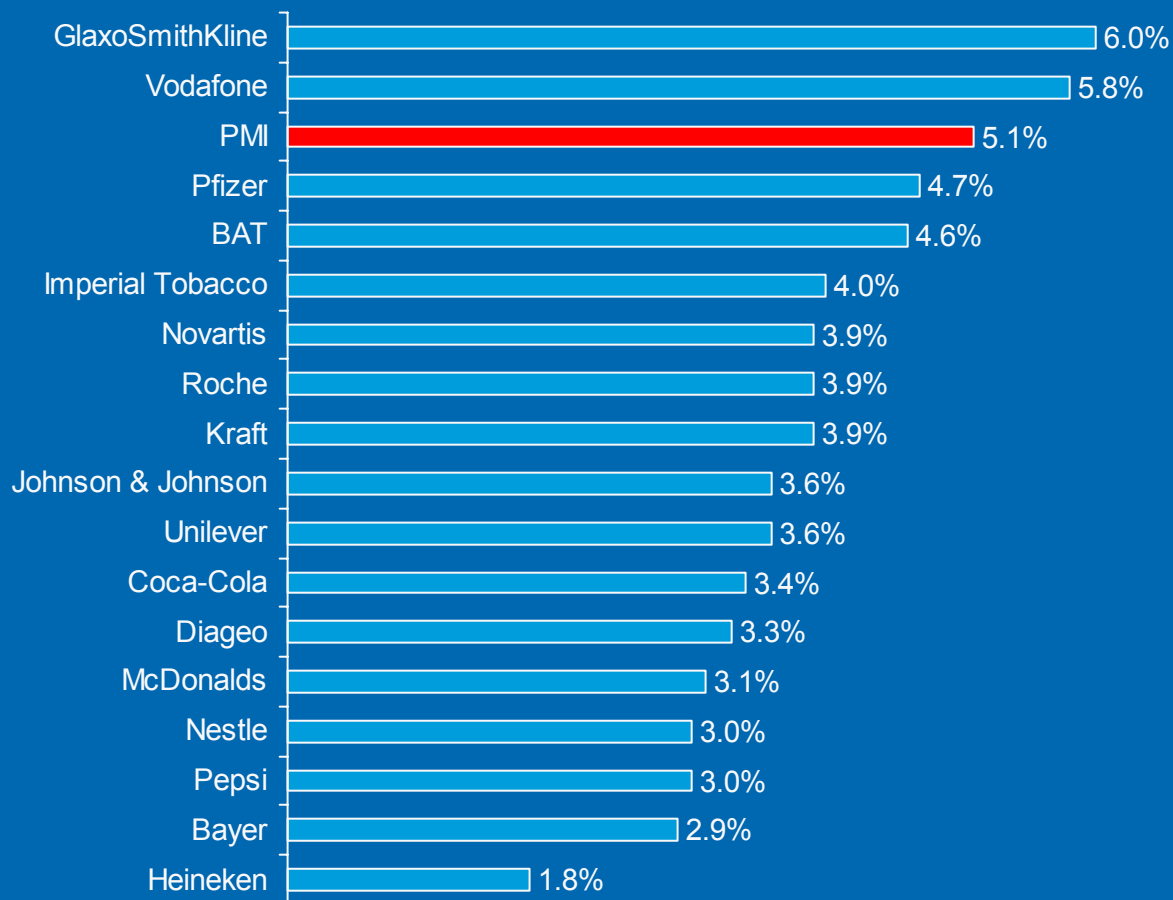
Shareholder Returns

- Dividends increased by 17.4% in 2008 and by 7.4% in 2009 to an annualized rate of \$2.32 per share
- Target dividend pay-out ratio of 65%



Dividend Yield – Peer Group

June 18, 2010





Shareholder Returns

- \$13 billion two-year share repurchase program completed on 30 April 2010
- New \$12 billion three-year share repurchase program initiated for period May 2010 – April 2013
- Since March 2008 spin-off, about \$20 billion returned to shareholders, representing approximately 23% of our current market capitalization



What PMI Offers

- Superior brands
- Market leadership and growth potential in emerging markets
- Strong pricing power, due to brand leadership and broad portfolio
- Delivering consistently against all financial targets
- Revised 2010 EPS guidance calls for currency neutral 14-17% growth on a reported diluted and 10-13% growth on an adjusted diluted basis
- Tremendous cash generation
- Focus on shareholder returns



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Lausanne, June 23, 2010

Questions & Answers



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.



Glossary of Terms

- References to PMI volumes refer to shipment volume, unless otherwise stated
- Industry volume and market shares are from a number of internal and external sources
- Organic volume refers to volume excluding acquisitions
- Net revenues exclude excise taxes
- Operating Companies Income (“OCI”) is defined as operating income before corporate expenses and amortization of intangibles.
- Reconciliations to U.S. GAAP measures are at the end of today’s web cast slides and are posted on our web site

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 March 31,
(\$ 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
\$ 6,748	\$ 4,564	\$ 2,184	\$ 178	\$ 2,006	\$ 3	\$ 2,003	European Union	\$ 6,050	\$ 4,063	\$ 1,987	9.9 %	1.0 %	0.8 %
3,356	1,610	1,746	52	1,694	26	1,668	EEMA	2,831	1,379	1,452	20.2 %	16.7 %	14.9 %
3,562	1,689	1,873	172	1,701	75	1,626	Asia	2,857	1,267	1,590	17.8 %	7.0 %	2.3 %
1,921	1,228	693	51	642	-	642	Latin America & Canada	1,548	980	568	22.0 %	13.0 %	13.0 %
\$ 15,587	\$ 9,091	\$ 6,496	\$ 453	\$ 6,043	\$ 104	\$ 5,939	PMI Total	\$ 13,286	\$ 7,689	\$ 5,597	16.1 %	8.0 %	6.1 %

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	Reported excluding Currency	Reported excluding Currency & Acquisitions
\$ 1,062		\$ 80	\$ 982	\$ 2	\$ 980	European Union		\$ 967		9.8 %	1.6 %	1.3 %
770		8	762	9	753	EEMA		586		31.4 %	30.0 %	28.5 %
724		81	643	(5)	648	Asia		661		9.5 %	(2.7)%	(2.0)%
217		23	194	-	194	Latin America & Canada		155		40.0 %	25.2 %	25.2 %
\$ 2,773		\$ 192	\$ 2,581	\$ 6	\$ 2,575	PMI Total		\$ 2,369		17.1 %	8.9 %	8.7 %

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, excluding Currency and Acquisitions
For the Quarters Ended March 31,
(\$ in millions)
(Unaudited)

2010							2009			% Change in Adjusted Operating Companies Income		
Reported Operating Companies Income	Less Asset Impairment & Exit Costs	Adjusted Operating Companies Income	Less Currency	Adjusted Operating Companies Income excluding Currency	Less Acquisitions	Adjusted Operating Companies Income excluding Currency & Acquisitions	Reported Operating Companies Income	Less Asset Impairment & Exit Costs	Adjusted Operating Companies Income	Adjusted	Adjusted excluding Currency	Adjusted excluding Currency & Acquisitions
\$ 1,062	\$ -	\$ 1,062	\$ 80	\$ 982	\$ 2	\$ 980	\$ 967	\$ (1)	\$ 968	9.7 %	1.4 %	1.2 %
770	-	770	8	762	9	753	586	-	586	31.4 %	30.0 %	28.5 %
724	-	724	81	643	(5)	648	661	-	661	9.5 %	(2.7)%	(2.0)%
217	-	217	23	194	-	194	155	-	155	40.0 %	25.2 %	25.2 %
\$ 2,773	\$ -	\$ 2,773	\$ 192	\$ 2,581	\$ 6	\$ 2,575	\$ 2,369	\$ (1)	\$ 2,370	17.0 %	8.9 %	8.6 %

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 March 31,
(Unaudited)

	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Reported Diluted EPS	\$ 0.90	\$ 0.74	21.6%
Less:			
Asset impairment and exit costs	<u>-</u>	<u>-</u>	
Adjusted Diluted EPS	\$ 0.90	\$ 0.74	21.6%
Less:			
Currency Impact	<u>0.06</u>	<u></u>	
Adjusted Diluted EPS, excluding Currency	<u>\$ 0.84</u>	<u>\$ 0.74</u>	13.5%

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 March 31,
(\$ in millions)
(Unaudited)

	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Net cash provided by operating activities⁽¹⁾	\$ 1,974	\$ 1,427	38.3%
Less:			
Capital expenditures	<u>150</u>	<u>145</u>	
Free cash flow	\$ 1,824	\$ 1,282	42.3%
Less:			
Currency impact	<u>116</u>	<u></u>	
Free cash flow, excluding currency	<u>\$ 1,708</u>	<u>\$ 1,282</u>	33.2%

	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Net cash provided by operating activities⁽¹⁾	\$ 1,974	\$ 1,427	38.3%
Less:			
Currency impact	<u>130</u>	<u></u>	
Net cash provided by operating activities, excluding currency	<u>\$ 1,844</u>	<u>\$ 1,427</u>	29.2%

(1) Operating cash flow

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, excluding Currency and Acquisitions
For the Years Ended December 31,
(\$ in millions)
(Unaudited)

2009							2008			% Change in 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
\$ 4,506	\$ (29)	\$ 4,535	\$ (481)	\$ 5,016	\$ 40	\$ 4,976	\$ 4,738	\$ (66)	\$ 4,804	(5.6)%	4.4 %	3.6 %
2,663	-	2,663	(893)	3,556	18	3,538	3,119	(1)	3,120	(14.6)%	14.0 %	13.4 %
2,436	-	2,436	146	2,290	-	2,290	2,057	(14)	2,071	17.6 %	10.6 %	10.6 %
666	(135) ⁽¹⁾	801	(162)	963	202	761	520	(127) ⁽²⁾	647	23.8 %	48.8 %	17.6 %
\$ 10,271	\$ (164)	\$ 10,435	\$ (1,390)	\$ 11,825	\$ 260	\$ 11,565	\$ 10,434	\$ (208)	\$ 10,642	(1.9)%	11.1 %	8.7 %
PMI Total												

(1) Represents 2009 Colombian investment and cooperation agreement charge

(2) Represents 2008 equity loss from RBH legal settlement (\$124 million) and asset impairment and exit costs (\$3 million)

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



PHILIP MORRIS
INTERNATIONAL

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

							(Unaudited)				% Change in Reported Net Revenues excluding Excise Taxes		
2009								2008					
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
\$ 28,550	\$ 19,509	\$ 9,041	\$ (856)	\$ 9,897	\$ 61	\$ 9,836	European Union	\$ 30,265	\$ 20,577	\$ 9,688	(6.7)%	2.2 %	1.5 %
13,865	7,070	6,795	(1,373)	8,168	41	8,127	EEMA	14,817	7,313	7,504	(9.4)%	8.8 %	8.3 %
12,413	5,885	6,528	(41)	6,569	-	6,569	Asia	12,222	6,037	6,185	5.5 %	6.2 %	6.2 %
7,252	4,581	2,671	(328)	2,999	462	2,537	Latin America & Canada	6,336	4,008	2,328	14.7 %	28.8 %	9.0 %
\$ 62,080	\$ 37,045	\$ 25,035	\$ (2,598)	\$ 27,633	\$ 564	\$ 27,069	PMI Total	\$ 63,640	\$ 37,935	\$ 25,705	(2.6)%	7.5 %	5.3 %

2009						2008		% 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	Reported excluding Currency	Reported excluding Currency & Acquisitions	
\$ 4,506	\$ (481)	\$ 4,987	\$ 40	\$ 4,947	European Union	\$ 4,738	(4.9)%	5.3 %	4.4 %	
2,663	(893)	3,556	18	3,538	EEMA	3,119	(14.6)%	14.0 %	13.4 %	
2,436	146	2,290	-	2,290	Asia	2,057	18.4 %	11.3 %	11.3 %	
666	(162)	828	202	626	Latin America & Canada	520	28.1 %	59.2 %	20.4 %	
\$ 10,271	\$ (1,390)	\$ 11,661	\$ 260	\$ 11,401	PMI Total	\$ 10,434	(1.6)%	11.8 %	9.3 %	

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



PHILIP MORRIS
INTERNATIONAL

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

	<u>2009</u>	<u>2008</u>	<u>% Change</u>
Reported Diluted EPS	\$ 3.24	\$ 3.31	(2.1)%
Less:			
Colombian investment and cooperation agreement charge	(0.04)	-	
Asset impairment and exit costs	(0.01)	(0.02)	
Equity loss from RBH legal settlement	-	(0.06)	
Tax items	-	0.08	
Adjusted Diluted EPS	\$ 3.29	\$ 3.31	(0.6)%
Less:			
Currency Impact	(0.53)		
Adjusted Diluted EPS, excluding Currency	\$ 3.82	\$ 3.31	15.4 %

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



PHILIP MORRIS
INTERNATIONAL

Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income, excluding Currency and Acquisitions
For the Years Ended December 31,
(\$ in millions)
(Unaudited)

2008										2007			% Change in 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
\$ 4,738	(66)	\$ 4,804	\$ 432	\$ 4,372	\$ 20	\$ 4,352	European Union			\$ 4,195	\$ (137)	\$ 4,332	10.9%	0.9%	0.5%
3,119	(1)	3,120	21	3,099	-	3,099	EEMA			2,431	(12)	2,443	27.7%	26.9%	26.9%
2,057	(14)	2,071	32	2,039	5	2,034	Asia			1,803	(28)	1,831	13.1%	11.4%	11.1%
520	(127) ⁽¹⁾	647	(4)	651	100	551	Latin America & Canada			514	(18)	532	21.6%	22.4%	3.6%
\$ 10,434	\$ (208)	\$ 10,642	\$ 481	\$ 10,161	\$ 125	\$ 10,036	PMI Total			\$ 8,943	\$ (195)	\$ 9,138	16.5%	11.2%	9.8%

(1) Represents 2008 equity loss from RBH legal settlement (\$124 million) and asset impairment and exit costs (\$3 million)

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



PHILIP MORRIS
INTERNATIONAL

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

2008								2007			% 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 Acquisi- tions	Reported Net Revenues excluding Excise Taxes, Currency & Acquisitions		Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions
\$ 30,265	\$ 20,577	\$ 9,688	\$ 899	\$ 8,789	\$ 26	\$ 8,763	European Union	\$ 26,829	\$ 17,994	\$ 8,835	9.7%	(0.5)%	(0.8)%
14,817	7,313	7,504	296	7,208	-	7,208	EEMA	12,166	5,820	6,346	18.2%	13.6%	13.6%
12,222	6,037	6,185	140	6,045	46	5,999	Asia	11,097	5,449	5,648	9.5%	7.0%	6.2%
6,336	4,008	2,328	47	2,281	157	2,124	Latin America & Canada	5,151	3,170	1,981	17.5%	15.1%	7.2%
\$ 63,640	\$ 37,935	\$ 25,705	\$ 1,382	\$ 24,323	\$ 229	\$ 24,094	PMI Total	\$ 55,243	\$ 32,433	\$ 22,810	12.7%	6.6%	5.6%

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

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



PHILIP MORRIS
INTERNATIONAL

Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income, excluding Currency and Acquisitions
For the Years Ended December 31,
(\$ in millions)
(Unaudited)

2007									2006			% Change in 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	
\$ 4,195	\$ (137)	\$ 4,332	\$ 424	\$ 3,908	\$ (1)	\$ 3,909	European Union	\$ 3,500	\$ (165)	\$ 3,665	18.2%	6.6%	6.7%	
2,431	(12)	2,443	98	2,345	-	2,345	EEMA	2,080	(2)	2,082	17.3%	12.6%	12.6%	
1,803	(28)	1,831	(36)	1,867	11	1,856	Asia	1,847	(19)	1,866	(1.9)%	0.1%	(0.5)%	
514	(18)	532	-	532	(66)	598	Latin America & Canada	1,013	538	475	12.0%	12.0%	25.9%	
\$ 8,943	\$ (195)	\$ 9,138	\$ 486	\$ 8,652	\$ (56)	\$ 8,708	PMI Total	\$ 8,440	\$ 352	\$ 8,088	13.0%	7.0%	7.7%	

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



PHILIP MORRIS
INTERNATIONAL

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

2007								(Unaudited)	2006			% 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 Acquisi- tions	Reported Net Revenues excluding Excise Taxes, Currency & Acquisitions	Reported Net Revenues		Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions	
\$ 26,829	\$ 17,994	\$ 8,835	\$ 757	\$ 8,078	\$ -	\$ 8,078	European Union	\$ 23,745	\$ 15,869	\$ 7,876	12.2%	2.6%	2.6%	
12,166	5,820	6,346	330	6,016	-	6,016	EEMA	10,012	4,387	5,625	12.8%	7.0%	7.0%	
11,097	5,449	5,648	76	5,572	118	5,454	Asia	10,139	4,634	5,505	2.6%	1.2%	(0.9)%	
5,151	3,170	1,981	34	1,947	37	1,910	Latin America & Canada	4,406	2,643	1,763	12.4%	10.4%	8.3%	
\$ 55,243	\$ 32,433	\$ 22,810	\$ 1,197	\$ 21,613	\$ 155	\$ 21,458	PMI Total	\$ 48,302	\$ 27,533	\$ 20,769	9.8%	4.1%	3.3%	

2007						2006		% 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	Reported excluding Currency	Reported excluding Currency & Acquisitions	
\$ 4,195	\$ 424	\$ 3,771	\$ (1)	\$ 3,772	European Union	\$ 3,500	19.9%	7.7%	7.8%	
2,431	98	2,333	-	2,333	EEMA	2,080	16.9%	12.2%	12.2%	
1,803	(36)	1,839	11	1,828	Asia	1,847	(2.4)%	(0.4)%	(1.0)%	
514	-	514	(66)	580	Latin America & Canada	1,013	(49.3)%	(49.3)%	(42.7)%	
\$ 8,943	\$ 486	\$ 8,457	\$ (56)	\$ 8,513	PMI Total	\$ 8,440	6.0%	0.2%	0.9%	

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



PHILIP MORRIS
INTERNATIONAL

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

2006								2005			% 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 Acquisi- tions	Reported Net Revenues excluding Excise Taxes, Currency & Acquisitions		Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions
\$ 23,745	\$ 15,869	\$ 7,876	\$ (152)	\$ 8,028	\$ -	\$ 8,028	European Union	\$ 23,813	\$ 15,364	\$ 8,449	(6.8)%	(5.0)%	(5.0)%
10,012	4,387	5,625	(23)	5,648	-	5,648	EEMA	8,951	3,867	5,084	10.6%	11.1%	11.1%
10,139	4,634	5,505	(179)	5,684	587	5,097	Asia	8,609	3,668	4,941	11.4%	15.0%	3.2%
4,406	2,643	1,763	14	1,749	50	1,699	Latin America & Canada	3,943	2,400	1,543	14.3%	13.4%	10.1%
\$ 48,302	\$ 27,533	\$ 20,769	\$ (340)	\$ 21,109	\$ 637	\$ 20,472	PMI Total	\$ 45,316	\$ 25,299	\$ 20,017	3.8%	5.5%	2.3%

2006						2005			% 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	Reported excluding Currency	Reported excluding Currency & Acquisitions		
\$ 3,500	\$ 2	\$ 3,498	\$ -	\$ 3,498	European Union	\$ 3,890	(10.0)%	(10.1)%	(10.1)%		
2,080	10	2,070	-	2,070	EEMA	1,664	25.0%	24.4%	24.4%		
1,847	(189)	2,036	219	1,817	Asia	1,801	2.6%	13.0%	0.9%		
1,013	(5)	1,018	13	1,005	Latin America & Canada	465	100+%	100+%	100+%		
\$ 8,440	\$ (182)	\$ 8,622	\$ 232	\$ 8,390	PMI Total	\$ 7,820	7.9%	10.3%	7.3%		

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



PHILIP MORRIS
INTERNATIONAL

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

								(Unaudited)				% Change in Reported Net Revenues excluding Excise Taxes												
2005								2004																
		Reported Net Revenues excluding Excise Taxes		Reported Net Revenues excluding Excise Taxes & Currency	Less Acquisi- tions	Reported Net Revenues excluding Excise Taxes, Currency & Acquisitions		Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes		Reported excluding Currency	Reported excluding Currency & Acquisitions											
\$	23,813	\$	15,364	\$	8,449	\$	355	\$	8,094	\$	10	\$	8,084	European Union	\$	22,265	\$	14,236	\$	8,029		5.2%	0.8%	0.7%
	8,951		3,867		5,084		81		5,003		-		5,003	EEMA		7,510		2,953		4,557		11.6%	9.8%	9.8%
	8,609		3,668		4,941		90		4,851		666		4,185	Asia		6,586		2,860		3,726		32.6%	30.2%	12.3%
	3,943		2,400		1,543		45		1,498		73		1,425	Latin America & Canada		3,276		1,983		1,293		19.3%	15.9%	10.2%
\$	45,316	\$	25,299	\$	20,017	\$	571	\$	19,446	\$	749	\$	18,697	PMI Total	\$	39,637	\$	22,032	\$	17,605		13.7%	10.5%	6.2%

2005								2004		% 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	Reported excluding Currency	Reported excluding Currency & Acquisitions
\$ 3,890		\$ 194	\$ 3,696	\$ 1	\$ 3,695	European Union		\$ 3,350		16.1%	10.3%	10.3%
1,664		30	1,634	-	1,634	EEMA		1,554		7.1%	5.1%	5.1%
1,801		54	1,747	323	1,424	Asia		1,298		38.8%	34.6%	9.7%
465		24	441	9	432	Latin America & Canada		391		18.9%	12.8%	10.5%
\$ 7,820		\$ 302	\$ 7,518	\$ 333	\$ 7,185	PMI Total		\$ 6,593		18.6%	14.0%	9.0%

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



PHILIP MORRIS
INTERNATIONAL

Calculation of Total Debt to EBITDA and Net Debt to EBITDA Ratios
(\$ in millions, except ratios)
(Unaudited)

	March 31, 2010			For the Year Ended December 31, 2009
	April ~ December 2009	January ~ March 2010	12 months rolling	
Earnings before income taxes	\$ 7,081	\$ 2,492	\$ 9,573	\$ 9,243
Interest expense, net	639	223	862	797
Depreciation and amortization	660	223	883	853
EBITDA	\$ 8,380	\$ 2,938	\$ 11,318	\$ 10,893
			March 31, 2010	December 31, 2009
Short-term borrowings			\$ 1,050	\$ 1,662
Current portion of long-term debt			151	82
Long-term debt			14,809	13,672
Total Debt			\$ 16,010	\$ 15,416
Less: Cash and cash equivalents			850	1,540
Net Debt			\$ 15,160	\$ 13,876
<u>Ratios</u>				
Total Debt to EBITDA			1.41	1.42
Net Debt to EBITDA			1.34	1.27

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



PHILIP MORRIS
INTERNATIONAL

Calculation of Total Debt to EBITDA and Net Debt to EBITDA Ratios
(\$ in millions, except ratios)
(Unaudited)

	March 31, 2008		
	April ~ December 2007	January ~ March 2008	12 months rolling
Earnings before income taxes	\$ 7,033	\$ 2,449	\$ 9,482
Interest expense, net	-	75	75
Depreciation and amortization	585	201	786
EBITDA	\$ 7,618	\$ 2,725	\$ 10,343
			March 31, 2008
Short-term borrowings			\$ 793
Current portion of long-term debt			104
Long-term debt			6,643
Total Debt			\$ 7,540
Less: Cash and cash equivalents			1,231
Net Debt			\$ 6,309
<u>Ratios</u>			
Total Debt to EBITDA			0.73
Net Debt to EBITDA			0.61

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



PHILIP MORRIS
INTERNATIONAL

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

	<u>2003</u>	<u>2007</u>	<u>2009</u>
Reported Operating Income	\$ 6,195	\$ 8,894	\$ 10,040
Add back:			
Amortization of Intangibles & Corporate Expenses	<u>91</u>	<u>49</u>	<u>231</u>
Reported Operating Companies Income	\$ 6,286	\$ 8,943	\$ 10,271
Add back:			
Asset Impairment & Exit Costs and Other	<u>(45)</u>	<u>195</u>	<u>164</u>
Adjusted Operating Companies Income	<u>\$ 6,241</u>	<u>\$ 9,138</u>	<u>\$ 10,435</u>
Cigarette Shipment Volume	735.8	848.6	864.0



PHILIP MORRIS
INTERNATIONAL

2010
INVESTOR DAY

Investor Day
Lausanne, June 23, 2010