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2010
INVESTOR DAY

Investor Day – EU Region Lausanne, June 23, 2010

Jacek Olczak

President, European Union Region

Philip Morris International

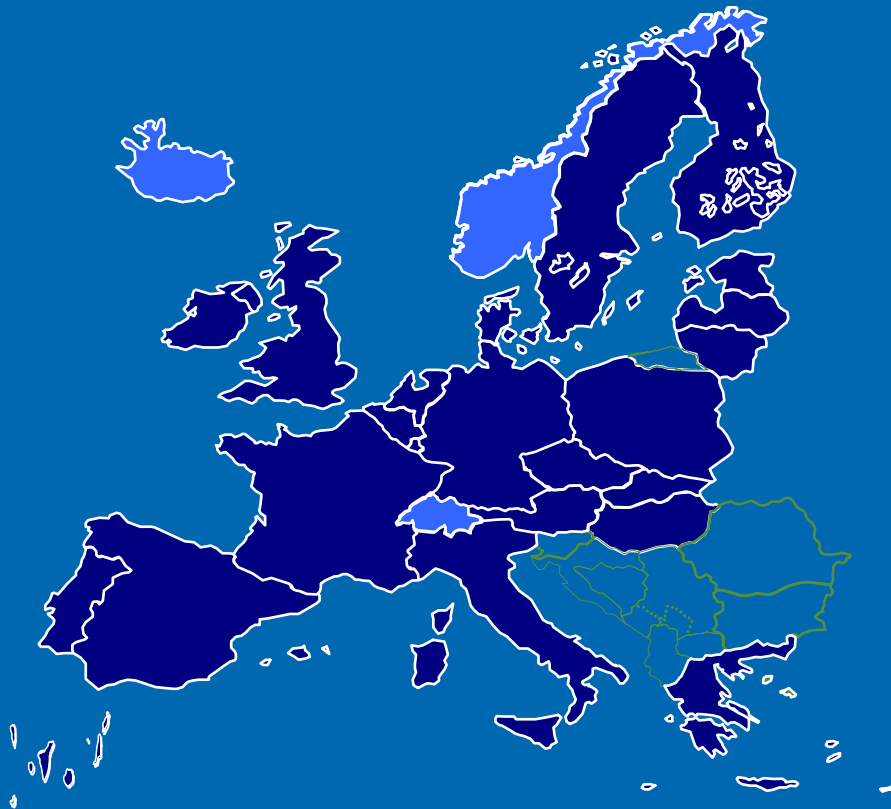


Agenda

- EU Region at a glance
- 2010 and beyond: business outlook
- Key 5 EU markets: highlights
- Concluding remarks
- Questions & Answers



EU Region – Overview



Population (millions): 479

Cigarettes

2009 Cigarette Industry (billion units)	607
2009 Legal Age - 64 Smoking Incidence (%)	22.6
2009 PMI Share of Cigarette Market (%)	38.8

Other Tobacco Products (“OTP”)

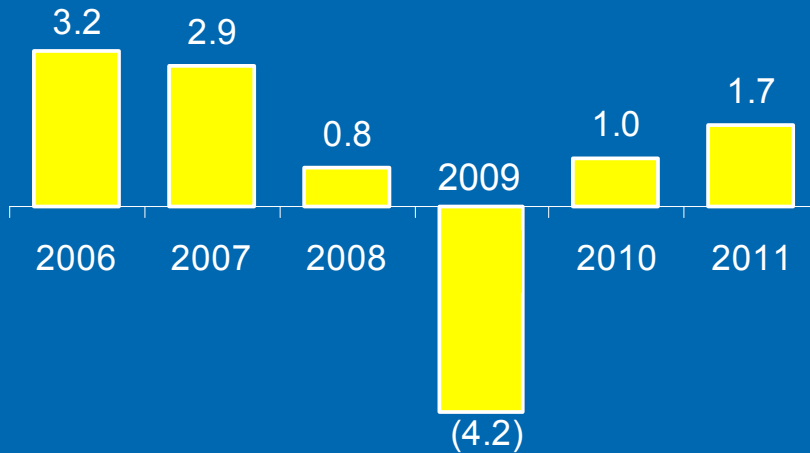
2009 OTP Industry (billion units equivalent)	124
2009 PMI Share of OTP Market (%)	11.5



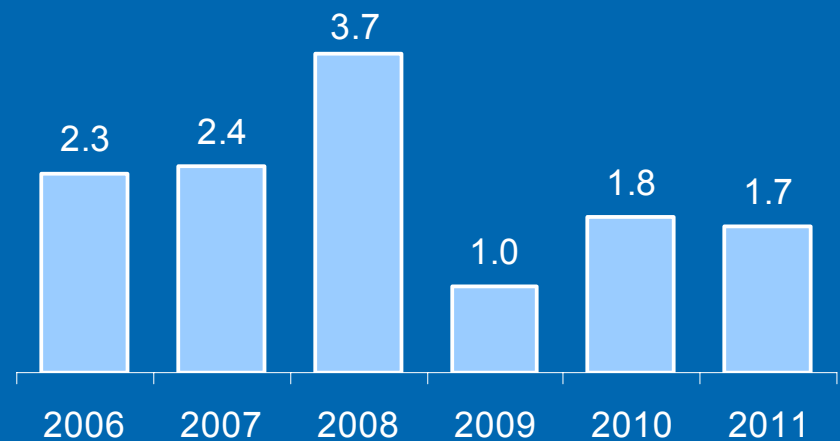
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EU Macro-Economic Outlook

Real GDP Growth (%)



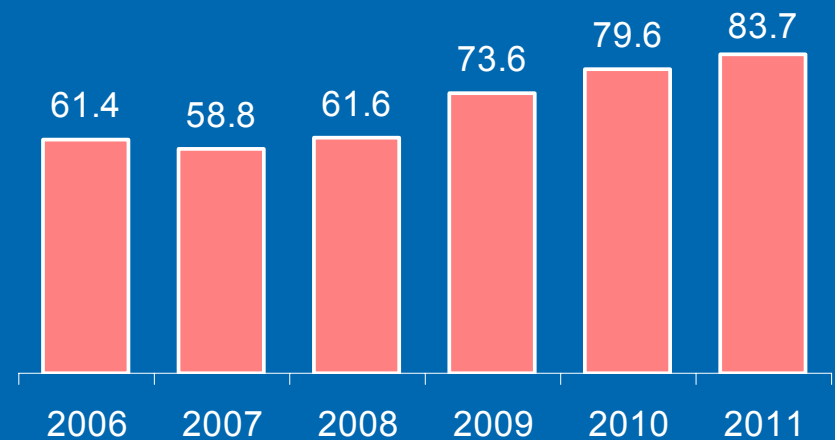
Inflation Rate (%)



Unemployment Rate (%)

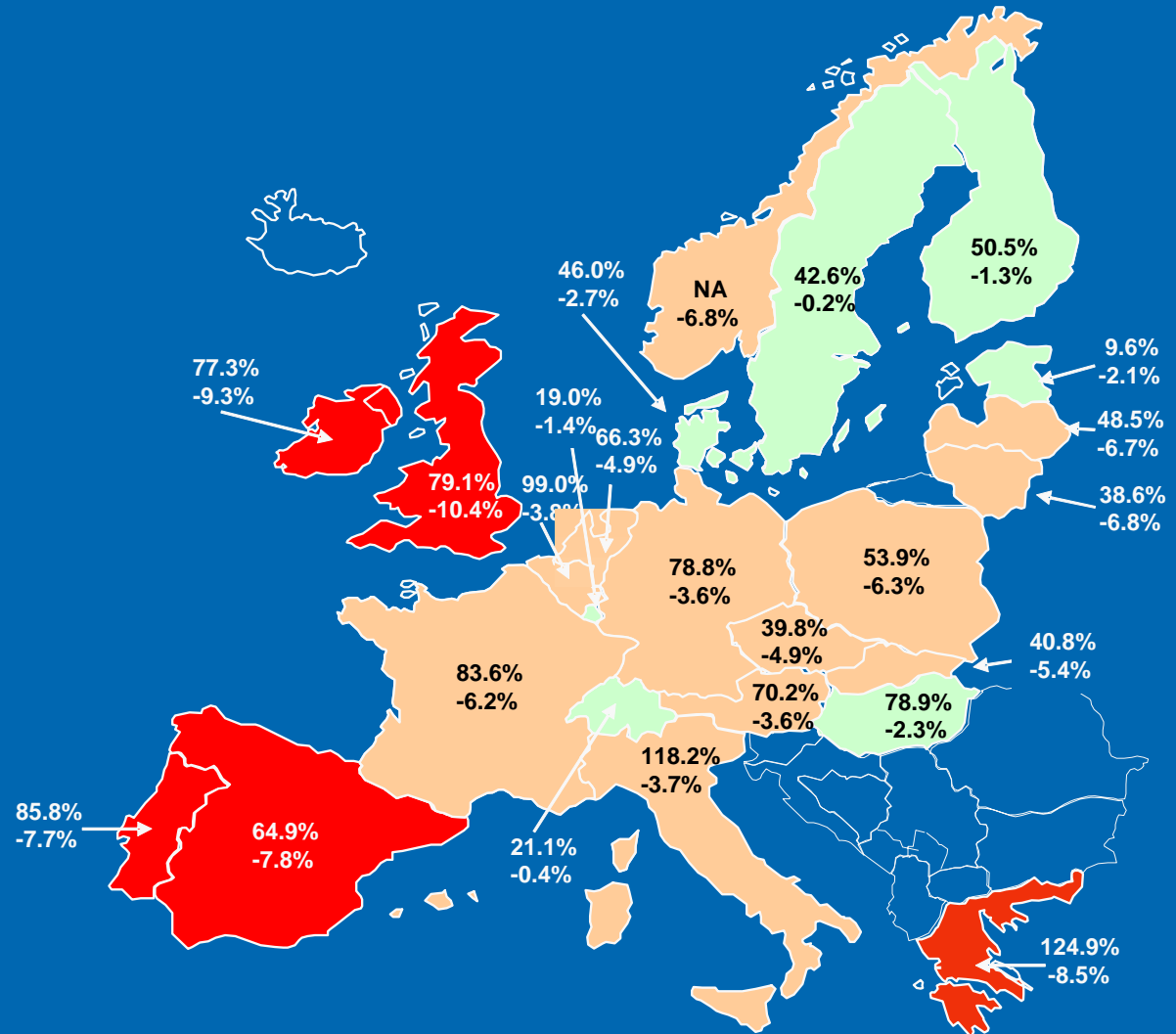
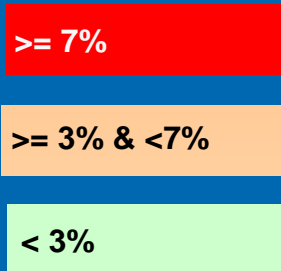


Government Debt (as % of GDP)



2010 Government Debt and Budget Deficit(a)

Structural budget deficit in % of GDP



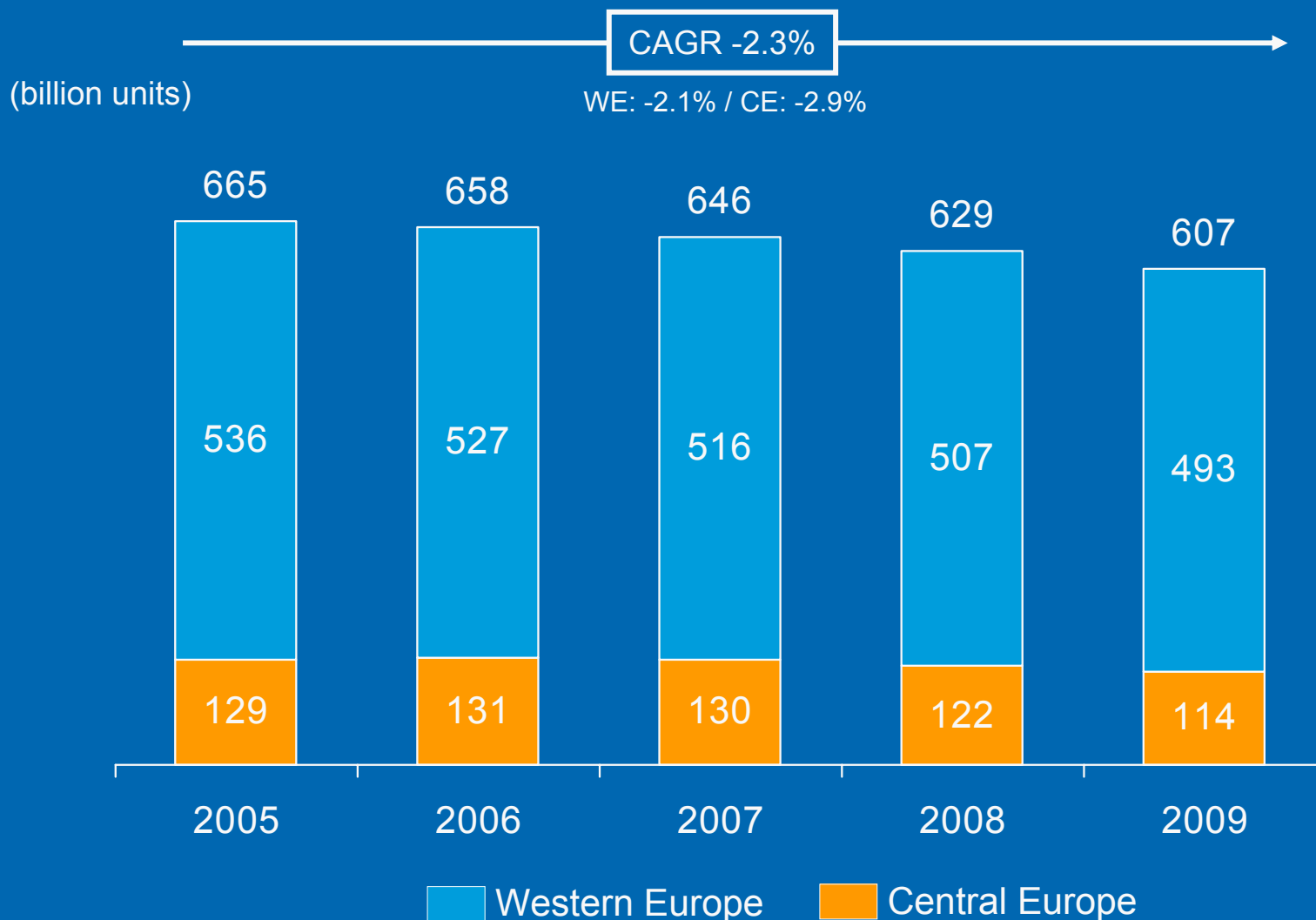
(a) As a % of GDP

Source: European Commission - Economic Forecast Spring 2010; AFF for Switzerland; Ministry of Finance for Norway



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Cigarette Industry Volume



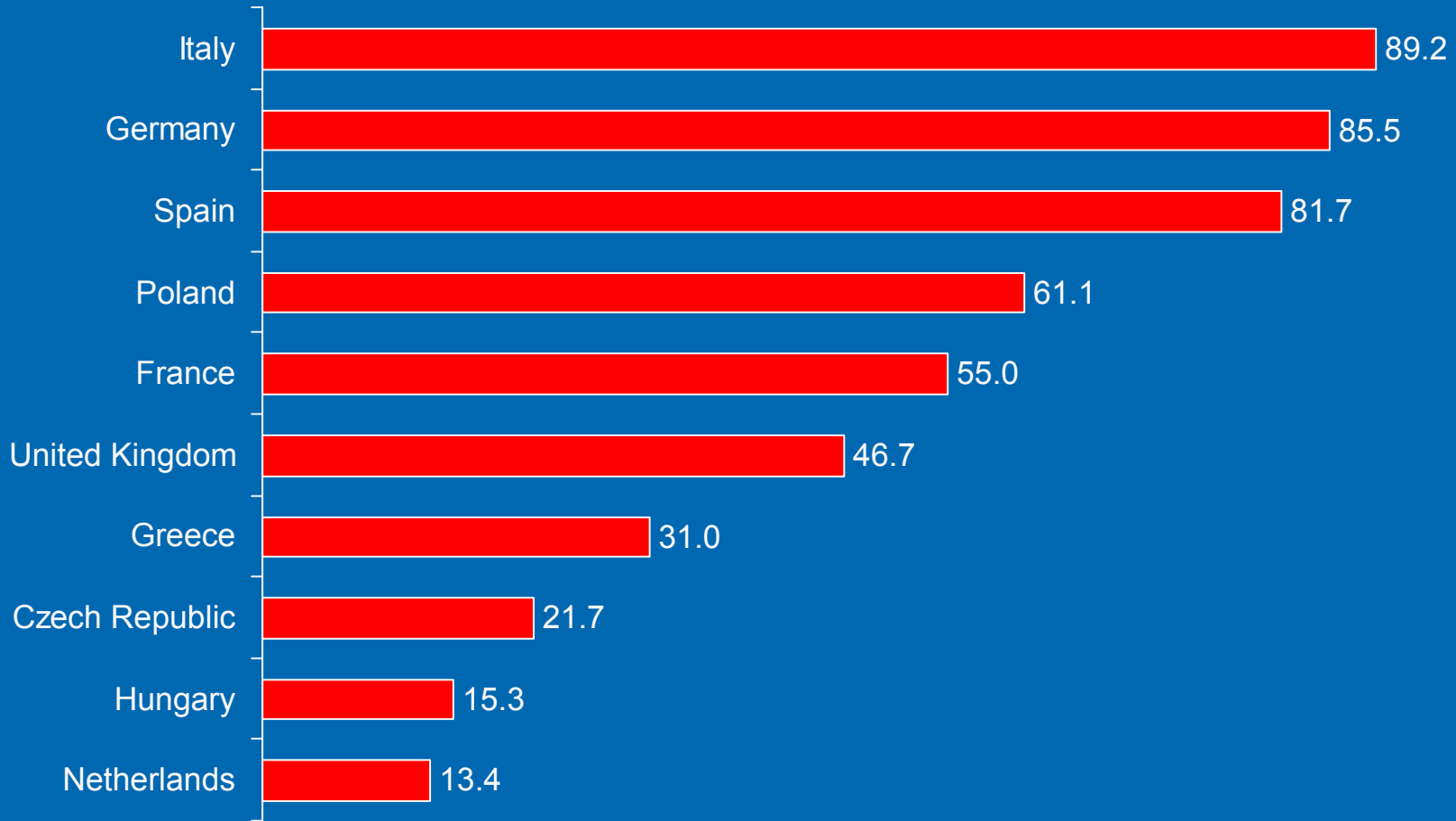
Note: Adjusted for trade inventory distortions in the Czech Republic
Source: PMI estimates



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Top 10 Cigarette Markets (2009)

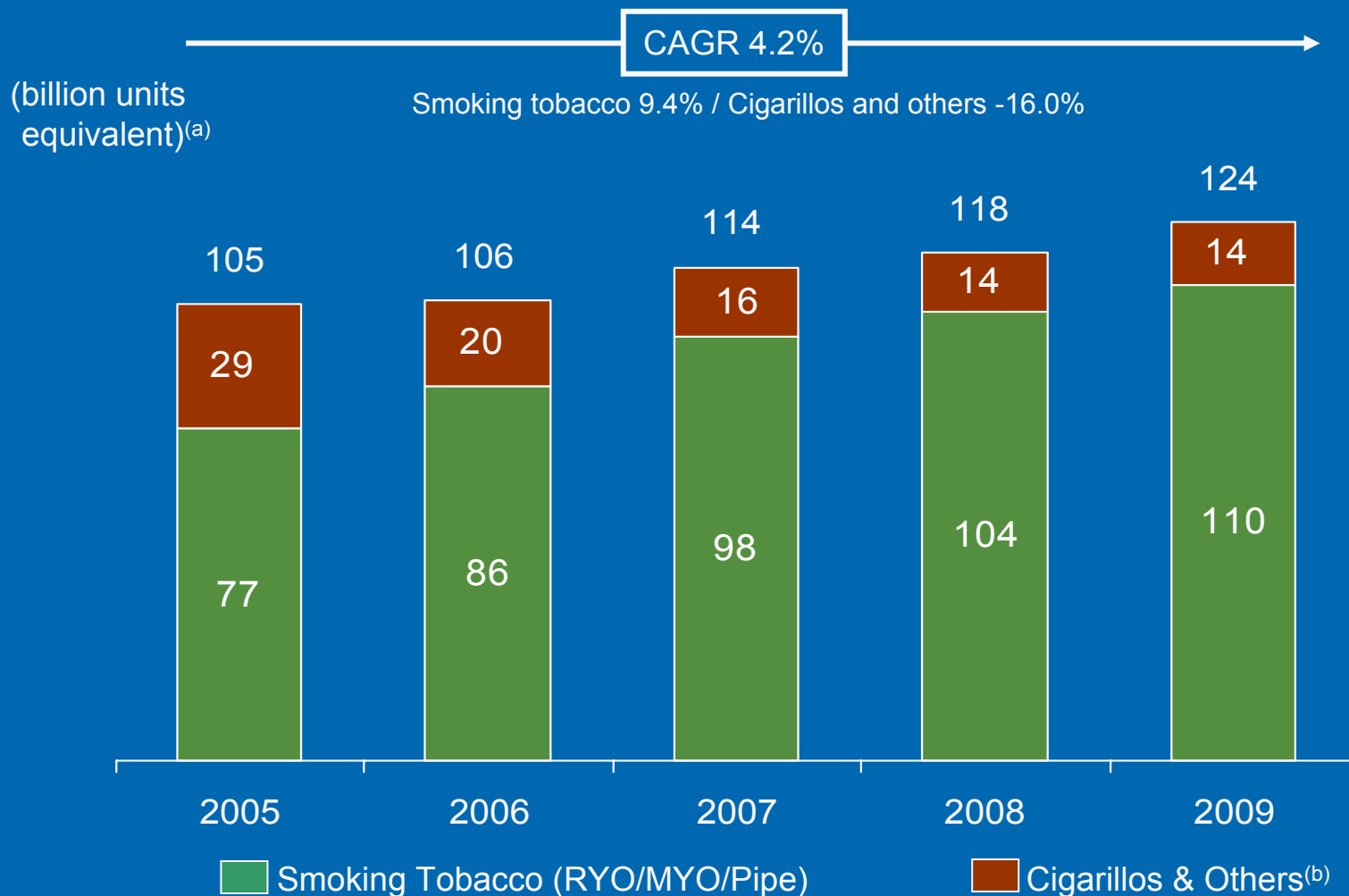
Industry Volume (billion units)





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OTP Industry Volume



(a) Smoking tobacco converted to cigarettes equivalents based on conversion ratio of 0.75

(b) Others include snus in Norway and Sweden and tobacco rods in Germany

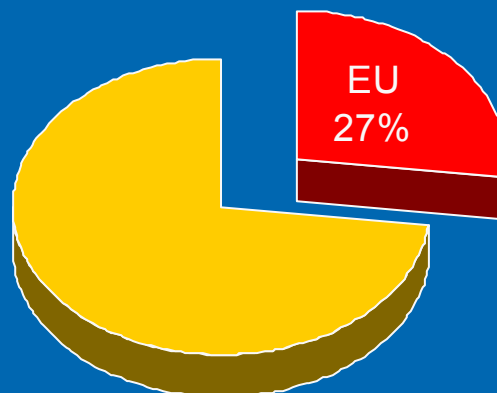
Source: PMI estimates



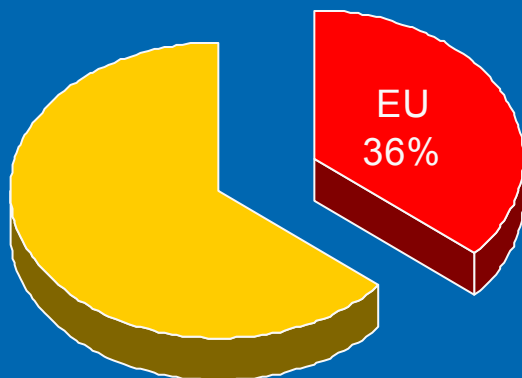
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EU Region Contribution to 2009 PMI Results

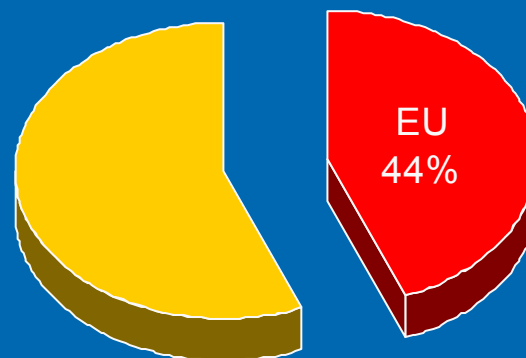
Cigarette Shipment Volume



Net Revenues



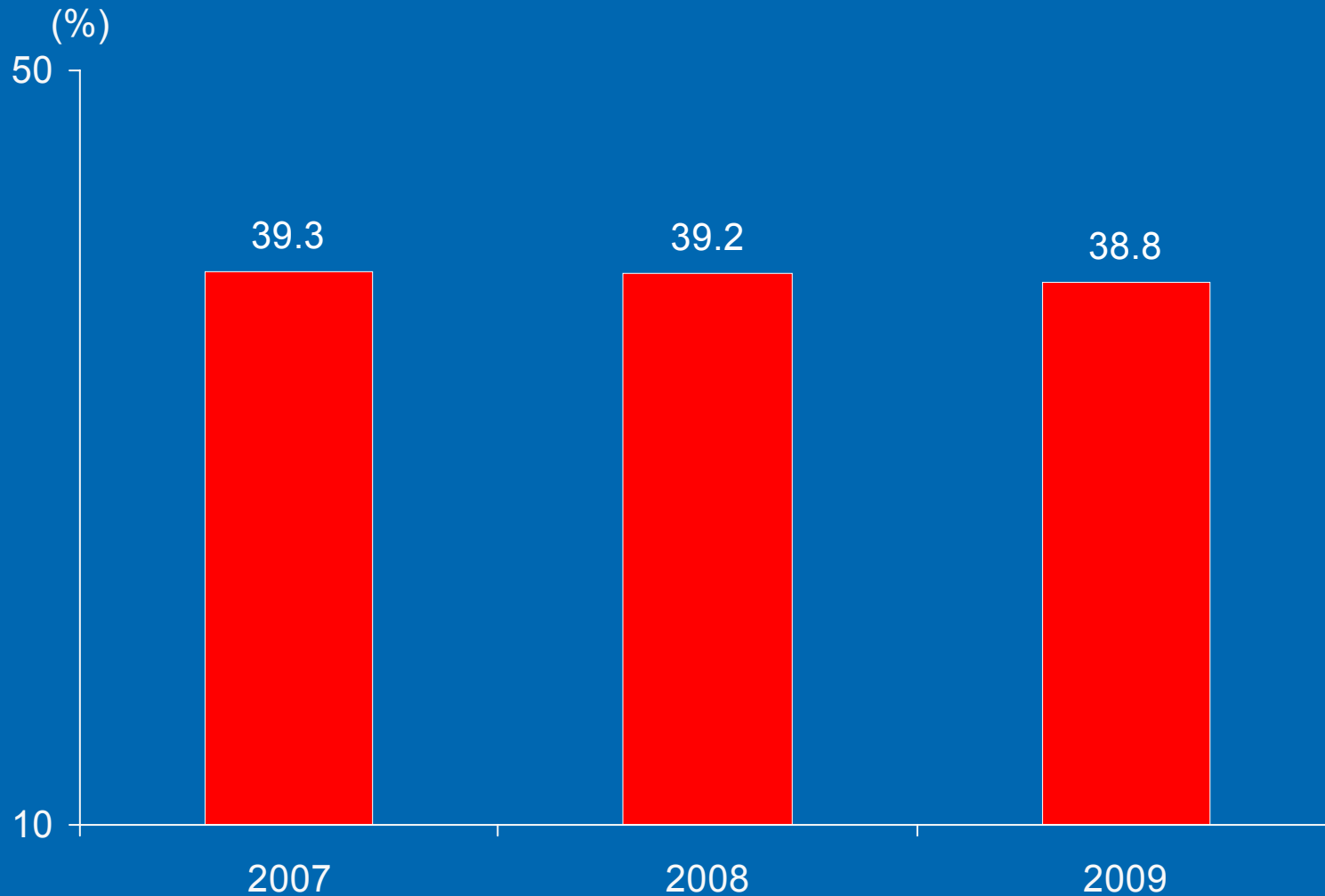
Operating Companies Income





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PMI Regional Cigarette Market Share



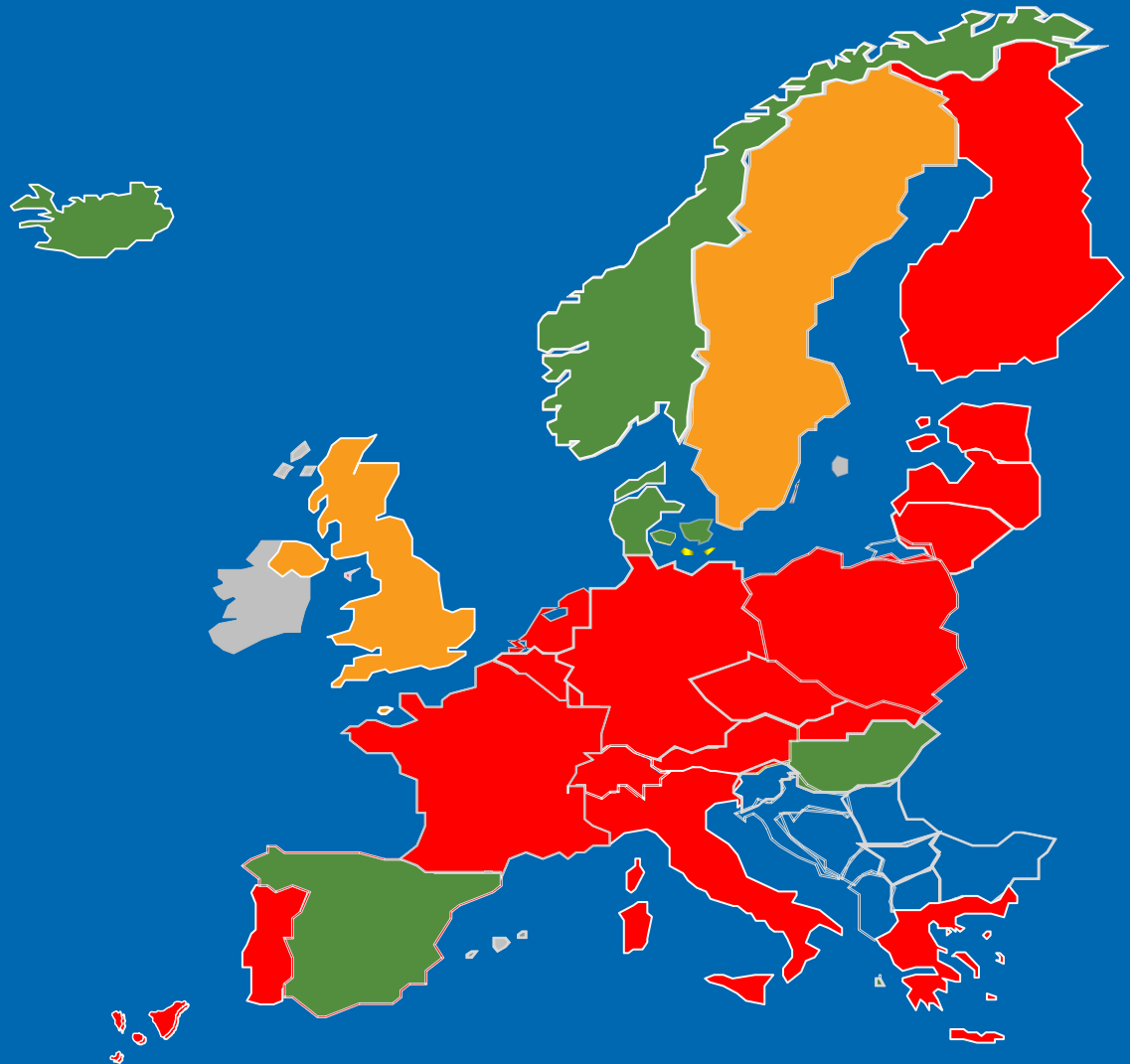


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PMI Market Share Leadership

PMI in 2009:

-  #1 in 21 markets
-  #2 in 8 markets
-  #3 in 3 markets

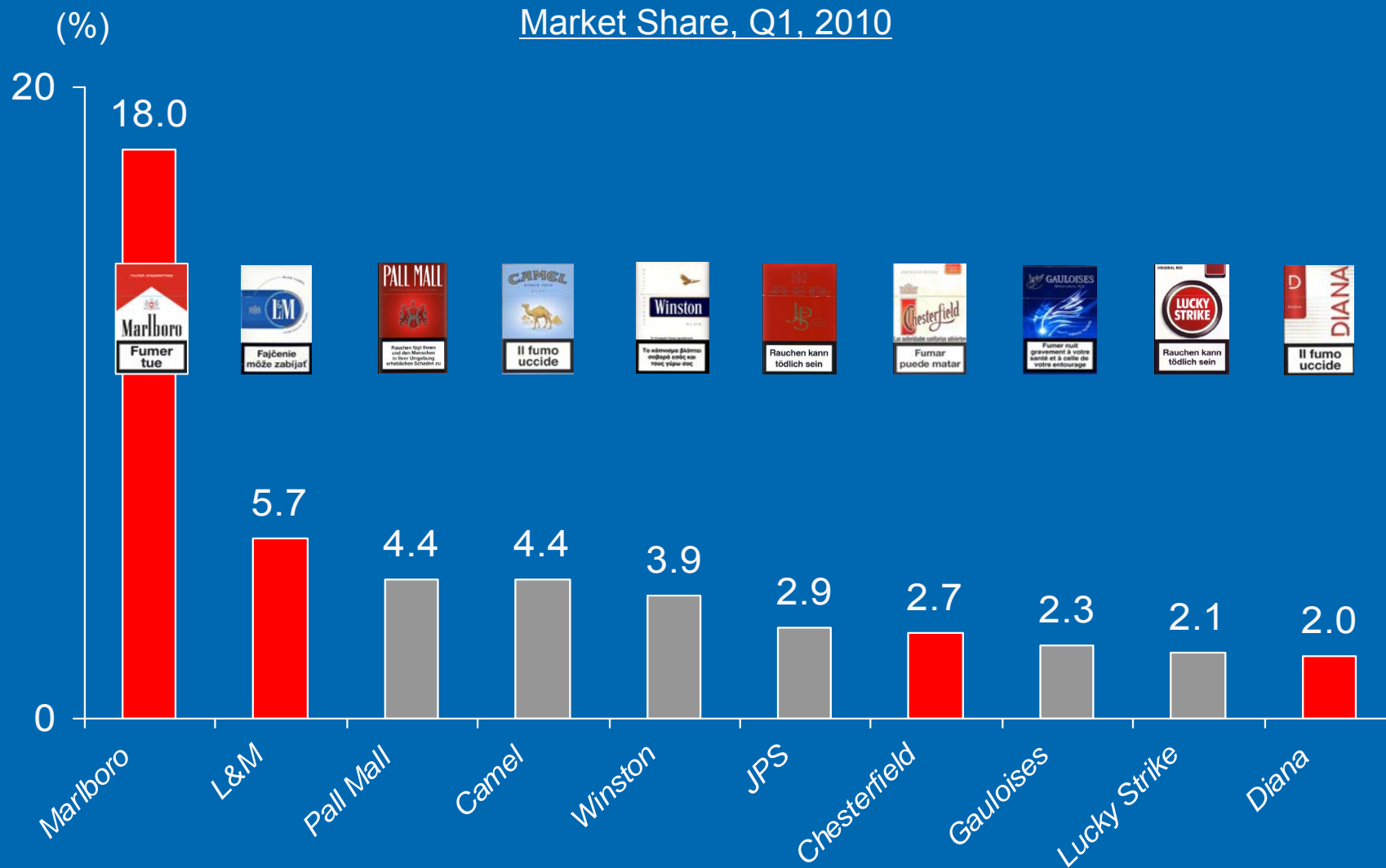




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Top 10 Cigarette Brand Families

Market Share, Q1, 2010



Source: PMI estimates

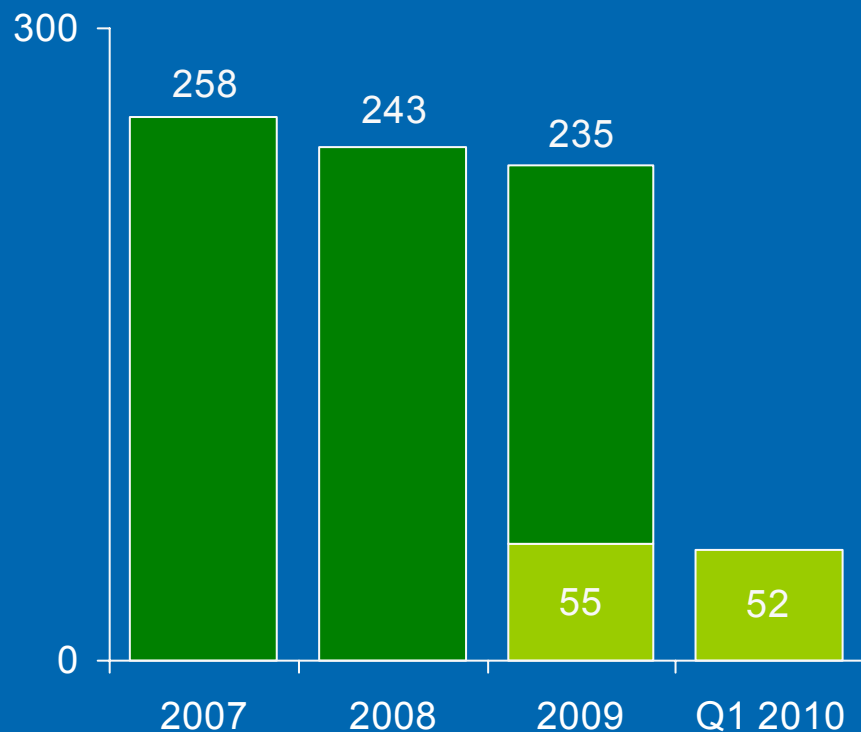


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EU Region Results

Shipment Volume
CAGR 2007-09: (4.4)%

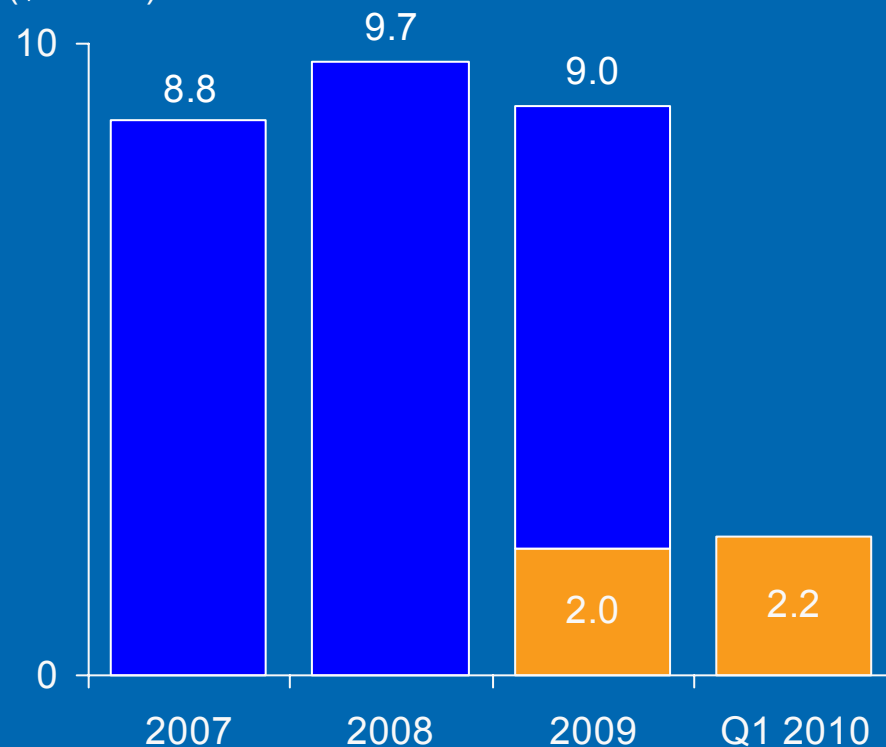
(billion units)



YoY (0.2)% (5.5)% (3.3)% (4.8)%

Net Revenues
CAGR 2007-09: 1.2%

(\$ billion)



YoY – excl. currency and acquisitions:
+2.6% -0.8% +1.5% +0.8%

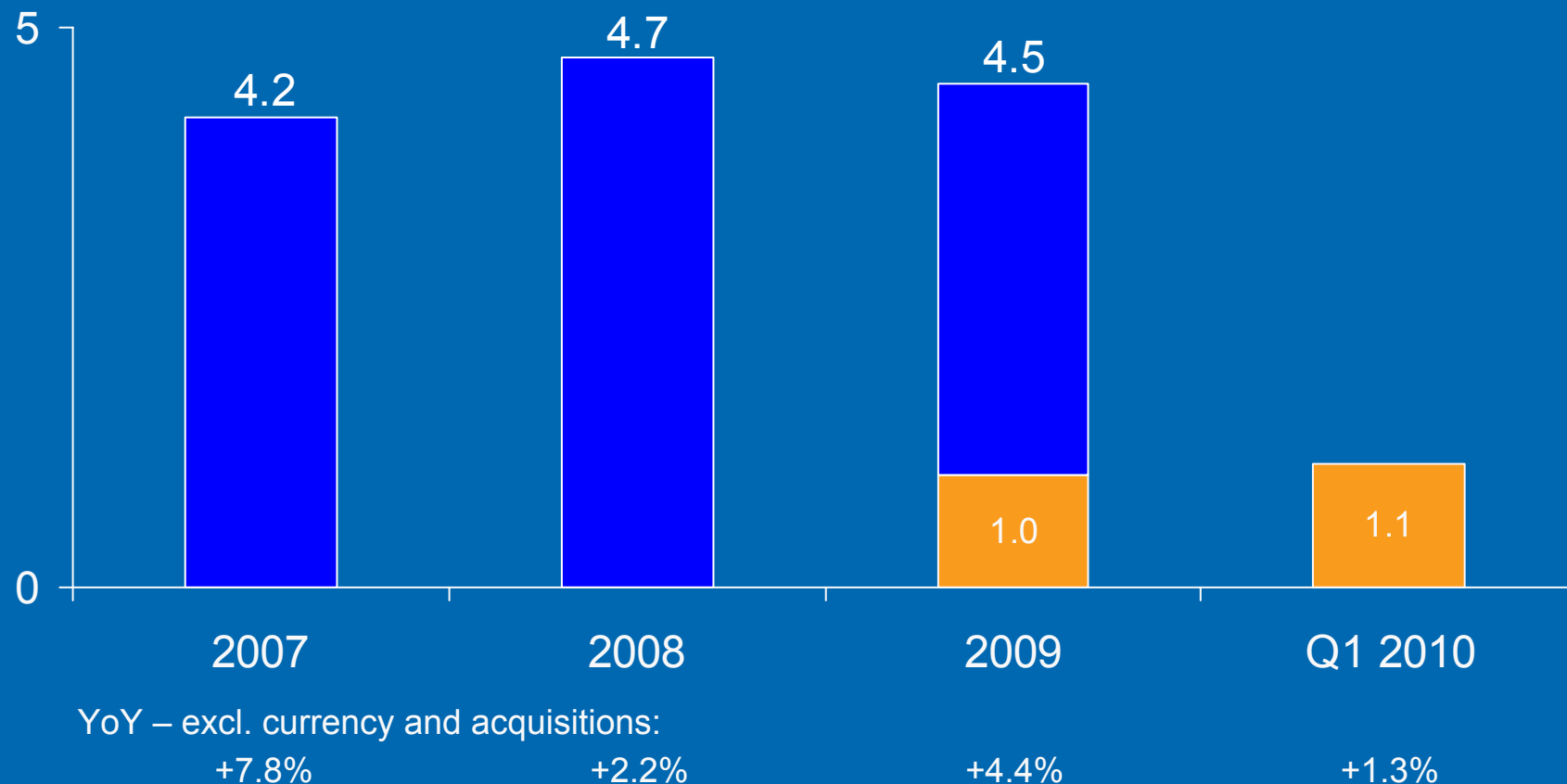


EU Region Results

Operating Companies Income

CAGR 2007-09: 3.6%

(\$ billion)





Agenda

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Key Strategies

- Grow share of market:
 - Leverage the new *Marlboro* architecture to defend its leading position
 - Expand further into profitable low-price cigarette segment and OTP
- Continue to deliver OCI growth through balanced pricing and price gap management
- Advocate for moderate excise tax increases and continue efforts to fight illicit trade
- Maintain a reasonable regulatory environment



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Marlboro Red or Flavor Line

- Extended reach
- New line-up



Note: pack design for illustrative purposes only

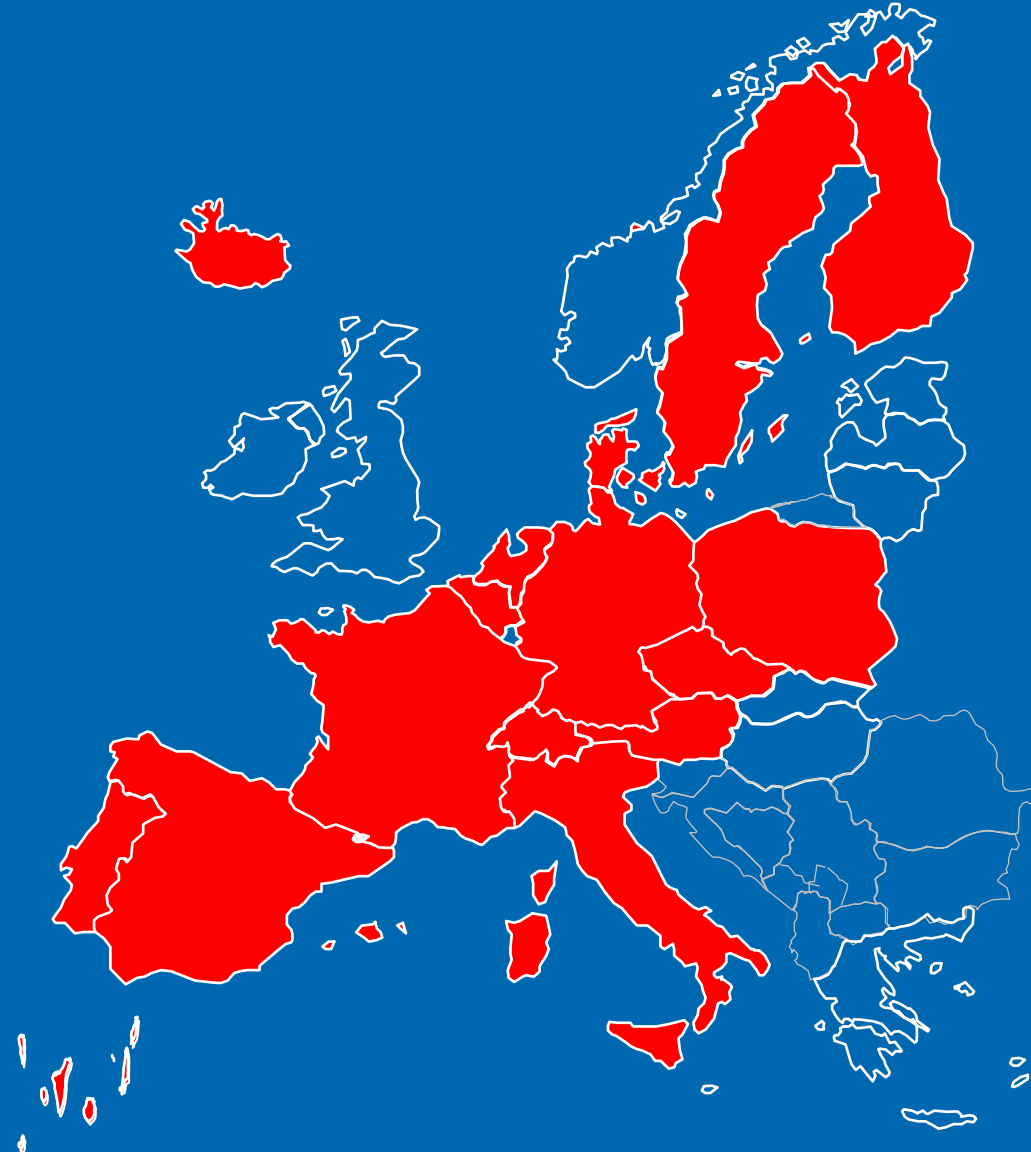
Marlboro Red New Architecture



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Red
17 markets



Marlboro Gold Line

- Upgraded Gold packaging
- Variety of diameters and taste profiles
- Perceived as more modern and innovative



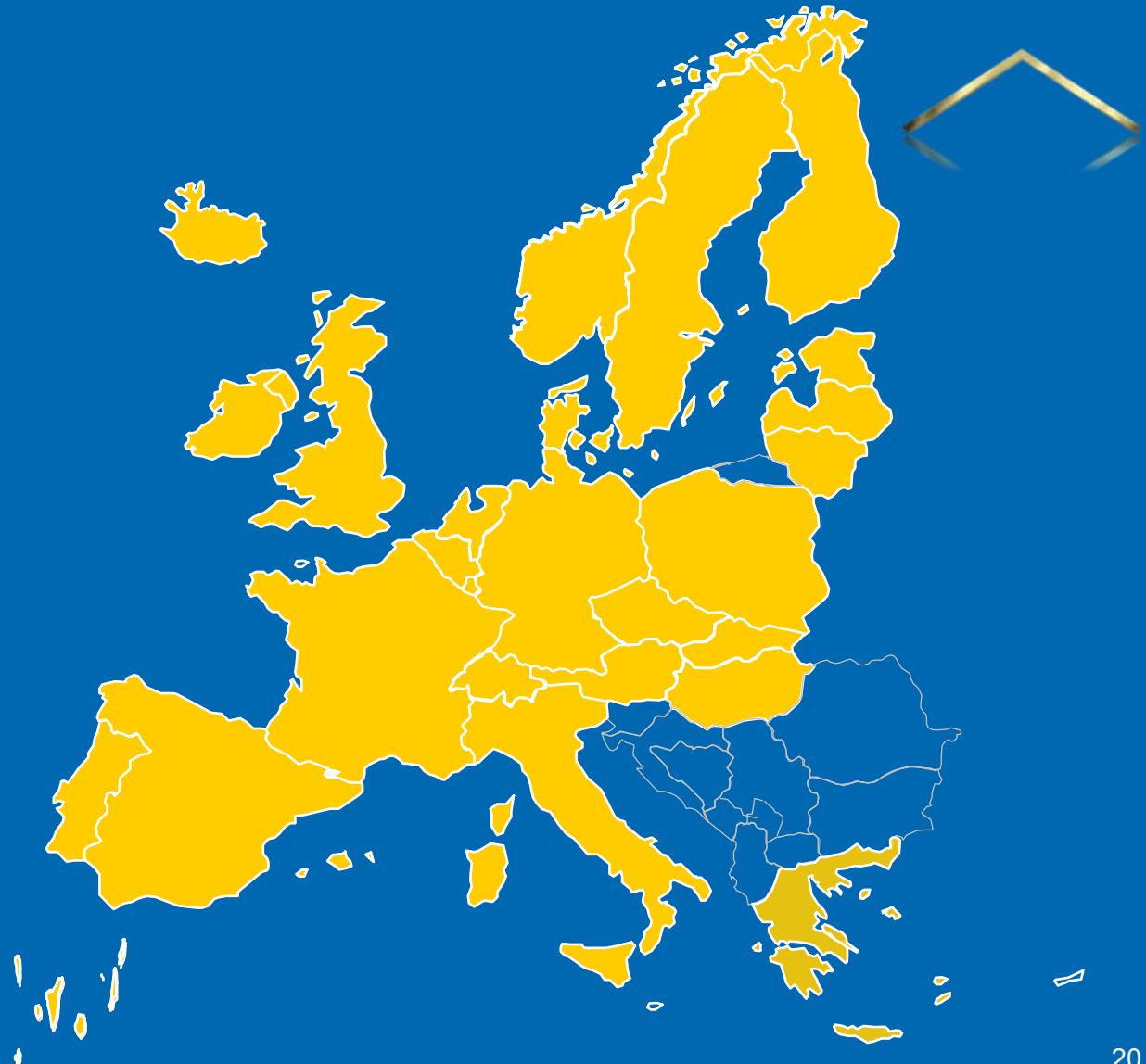
Marlboro Gold New Architecture



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Gold Original
27 markets

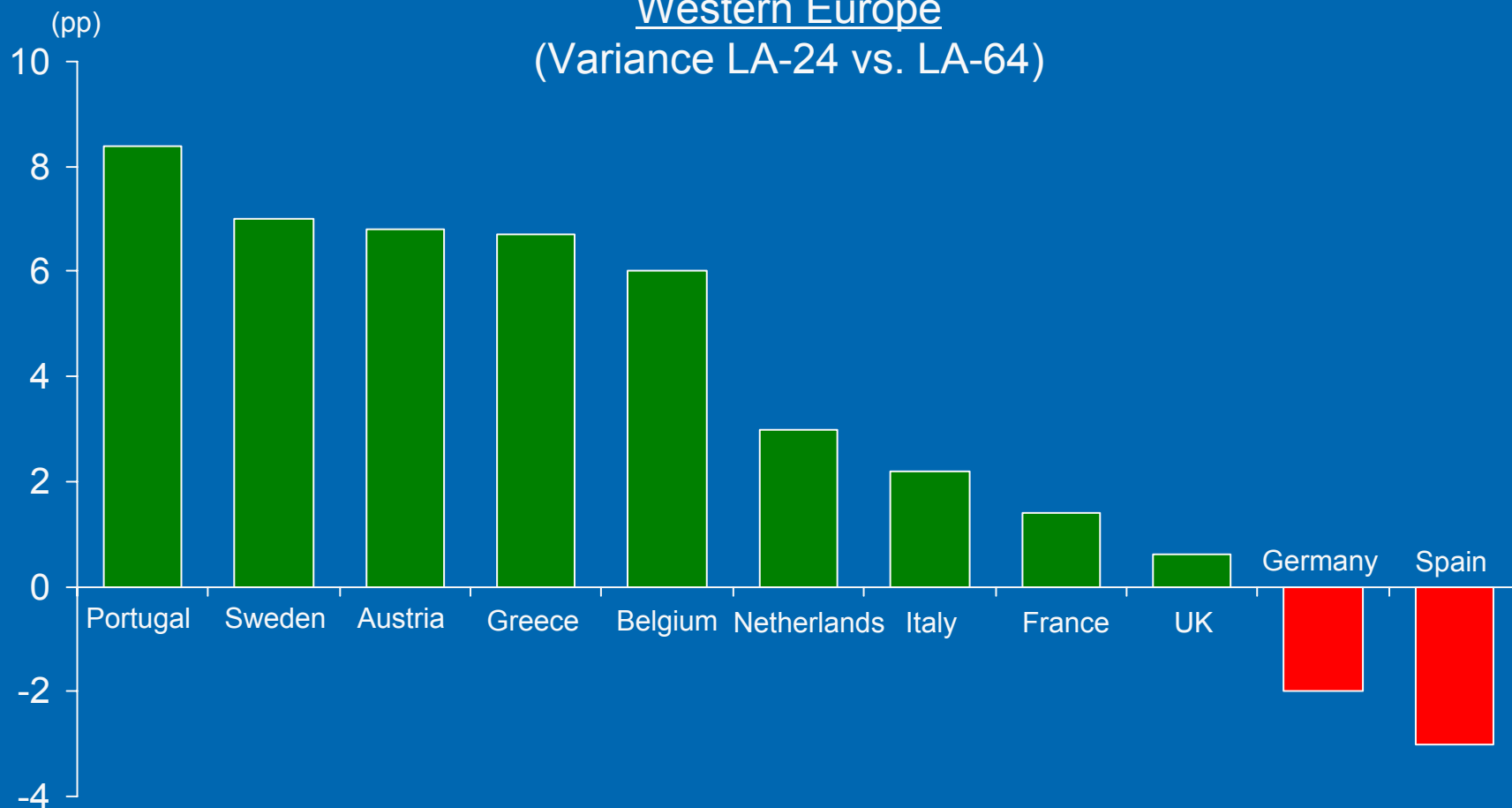




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Marlboro Smoker Shares

Western Europe
(Variance LA-24 vs. LA-64)

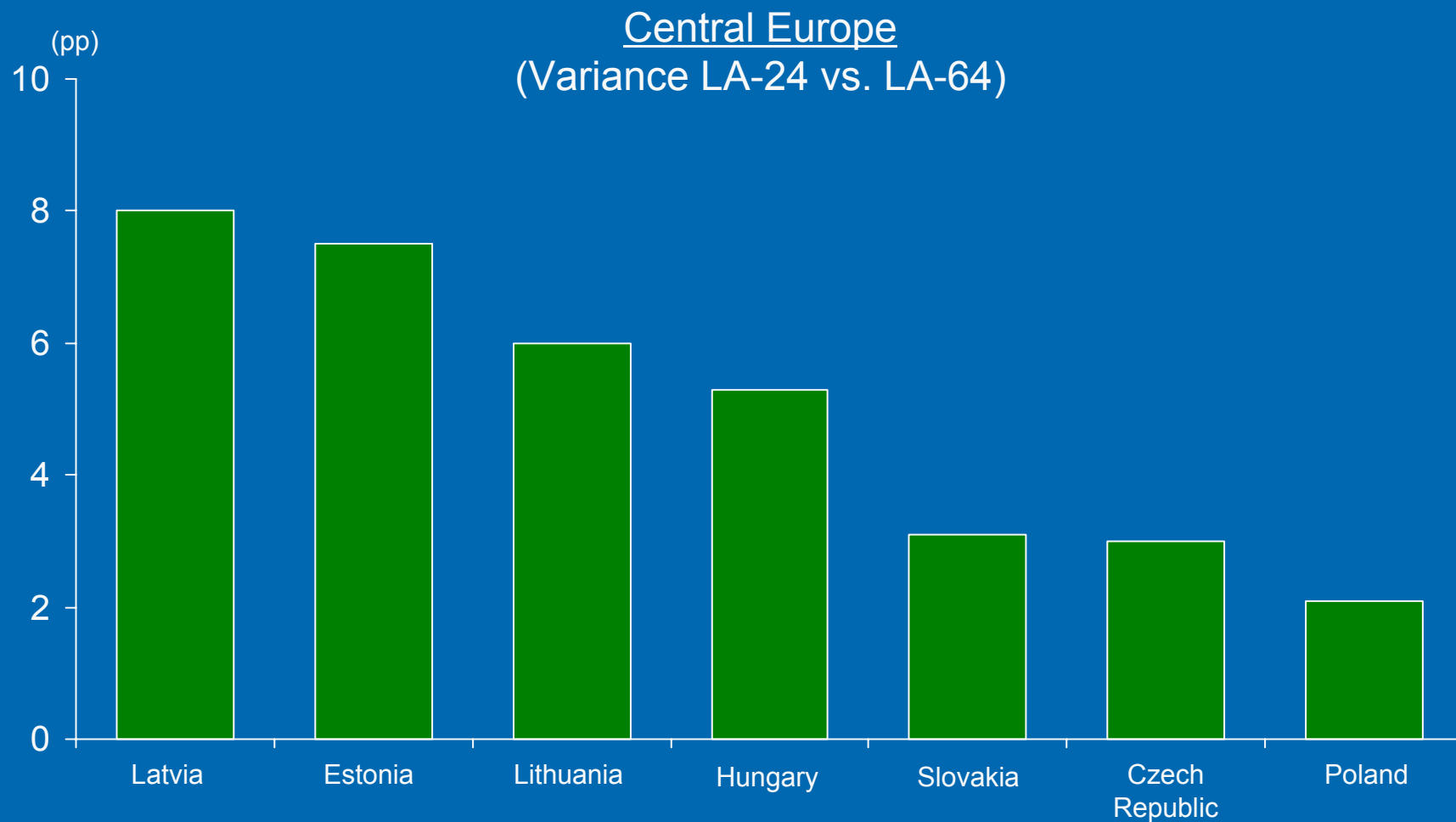


Note: LA stands for Legal Age (minimum 18). All data are 2009
Source: PMI Market Research General Consumer Tracking Survey ("GCTS")



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Marlboro Smoker Shares



Note: LA stands for Legal Age (minimum 18). All data are 2009
Source: PMI Market Research GCTS



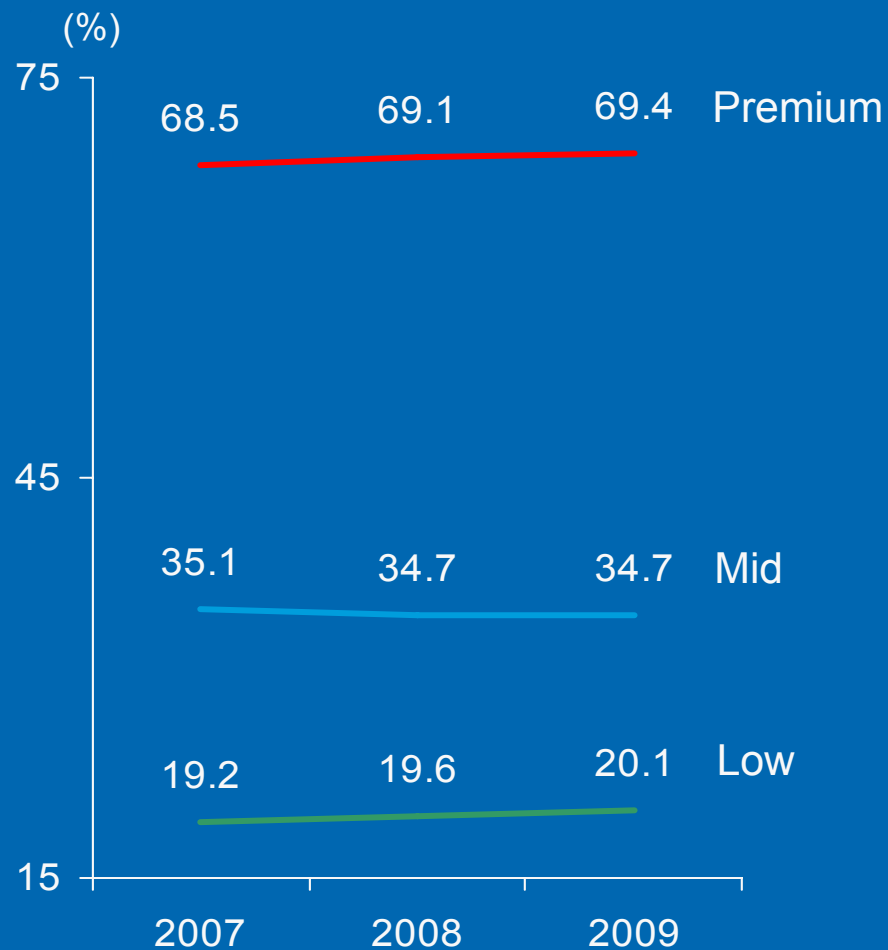
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Price Segmentation

Total Market by Price Segment (%)^(a)



PMI Share of Segment^(a)



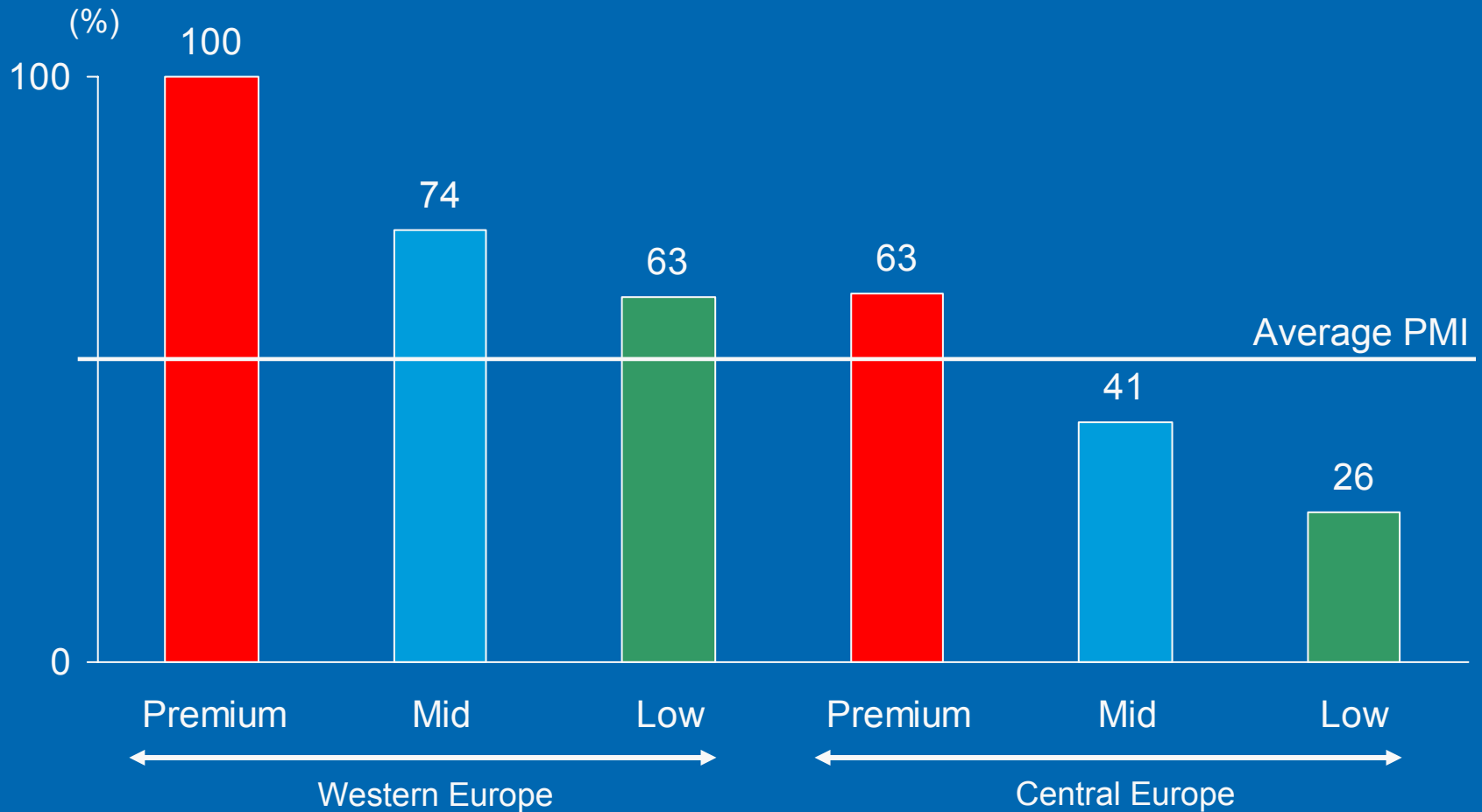
(a) Top 10 EU Region markets.

Source: PMI estimates based on A.C. Nielsen and distributors' data.

Marginal Contribution Ratio by Price Segment (2009)



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Note: Ratio indexed on marginal contribution of premium brand in Western Europe

Source: PMI Financials

- Shipment volume grew by close to 9% in the EU Region in 2009

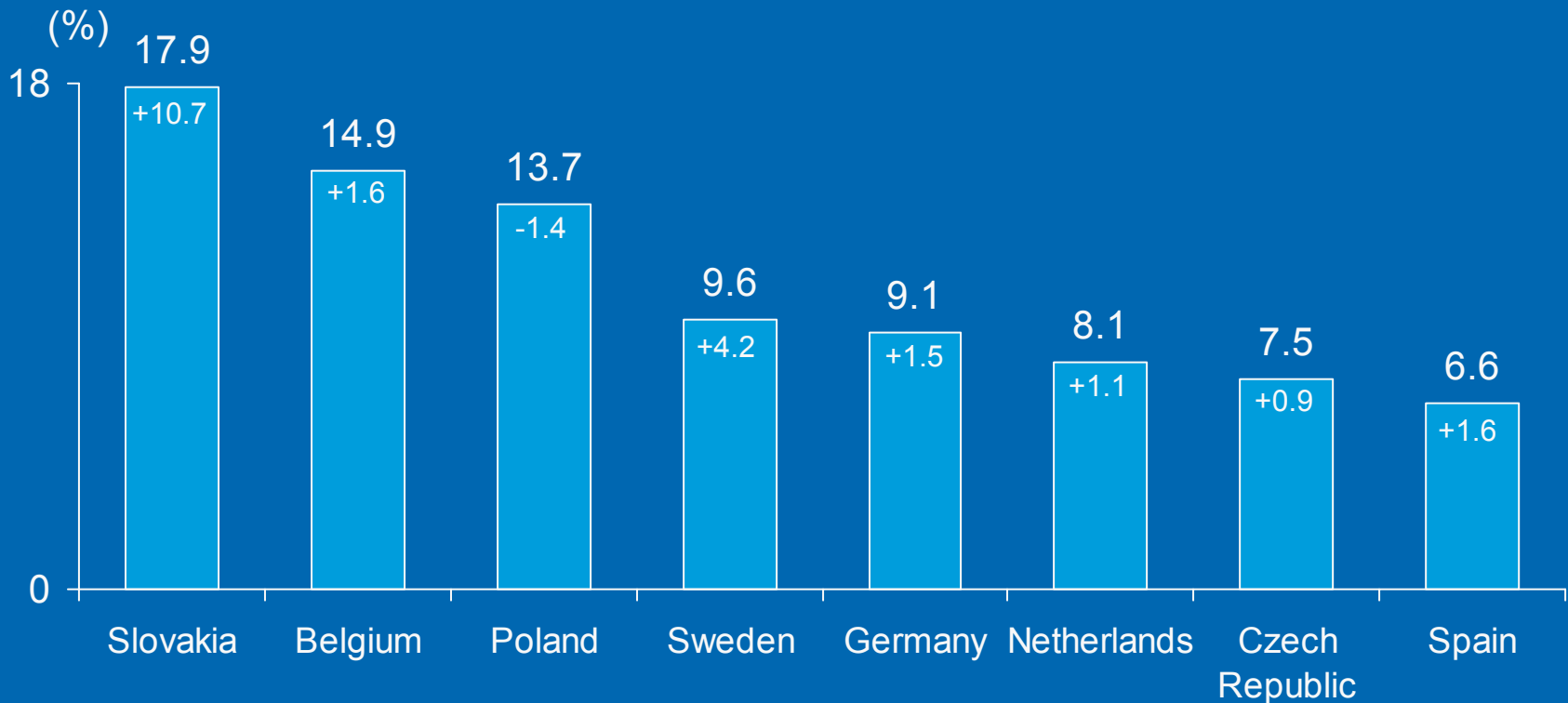


Share of Market



- Significant share of market increase in key markets

Share of Market Q1, 2010
Variance vs. PY (pp)



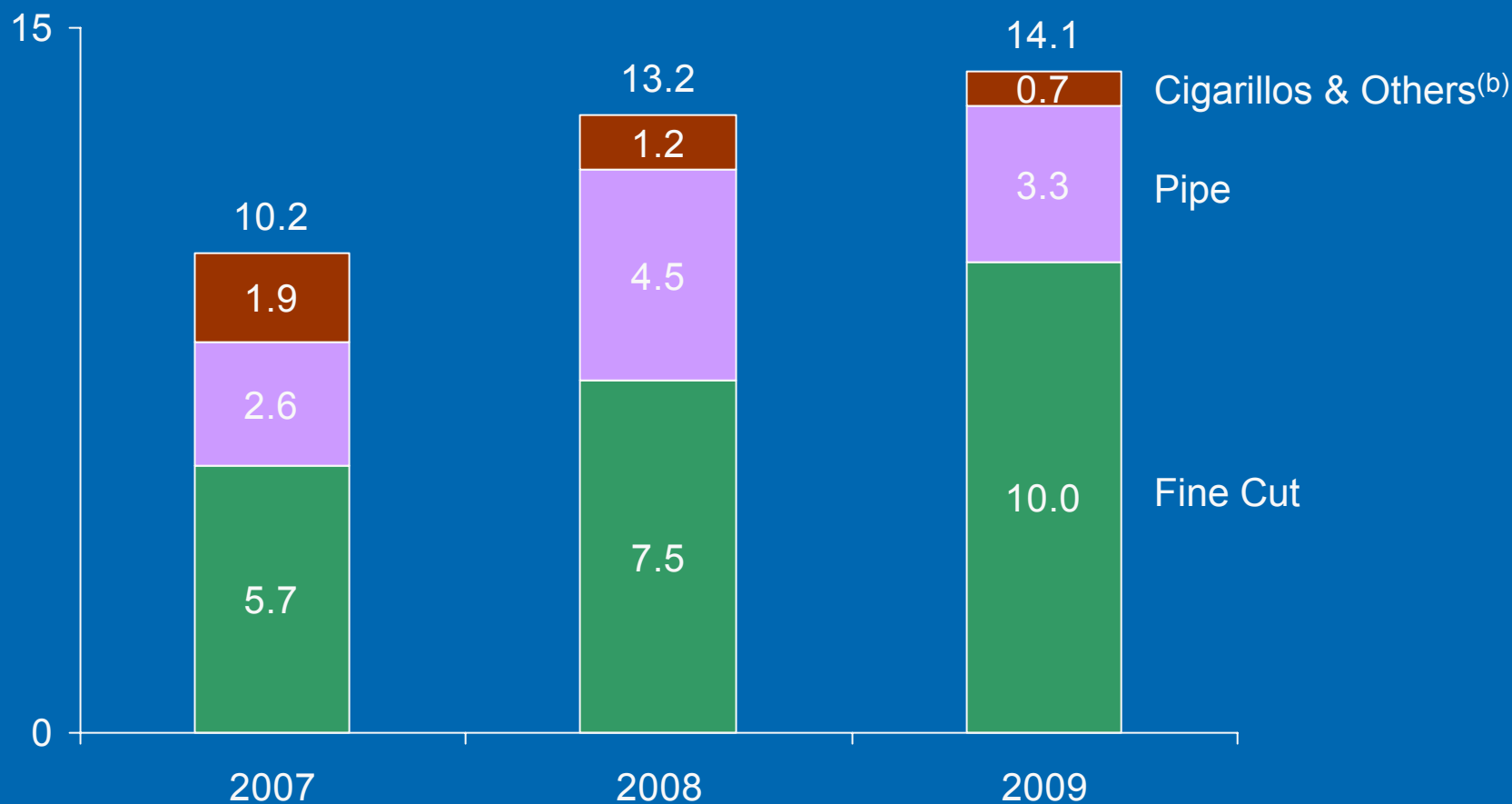
PMI OTP Volume



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PMI OTP Shipments by Category

(billion units
equivalent)^(a)



(a) Assuming 1 unit equivalent = 0.75g or 1 cigarillo

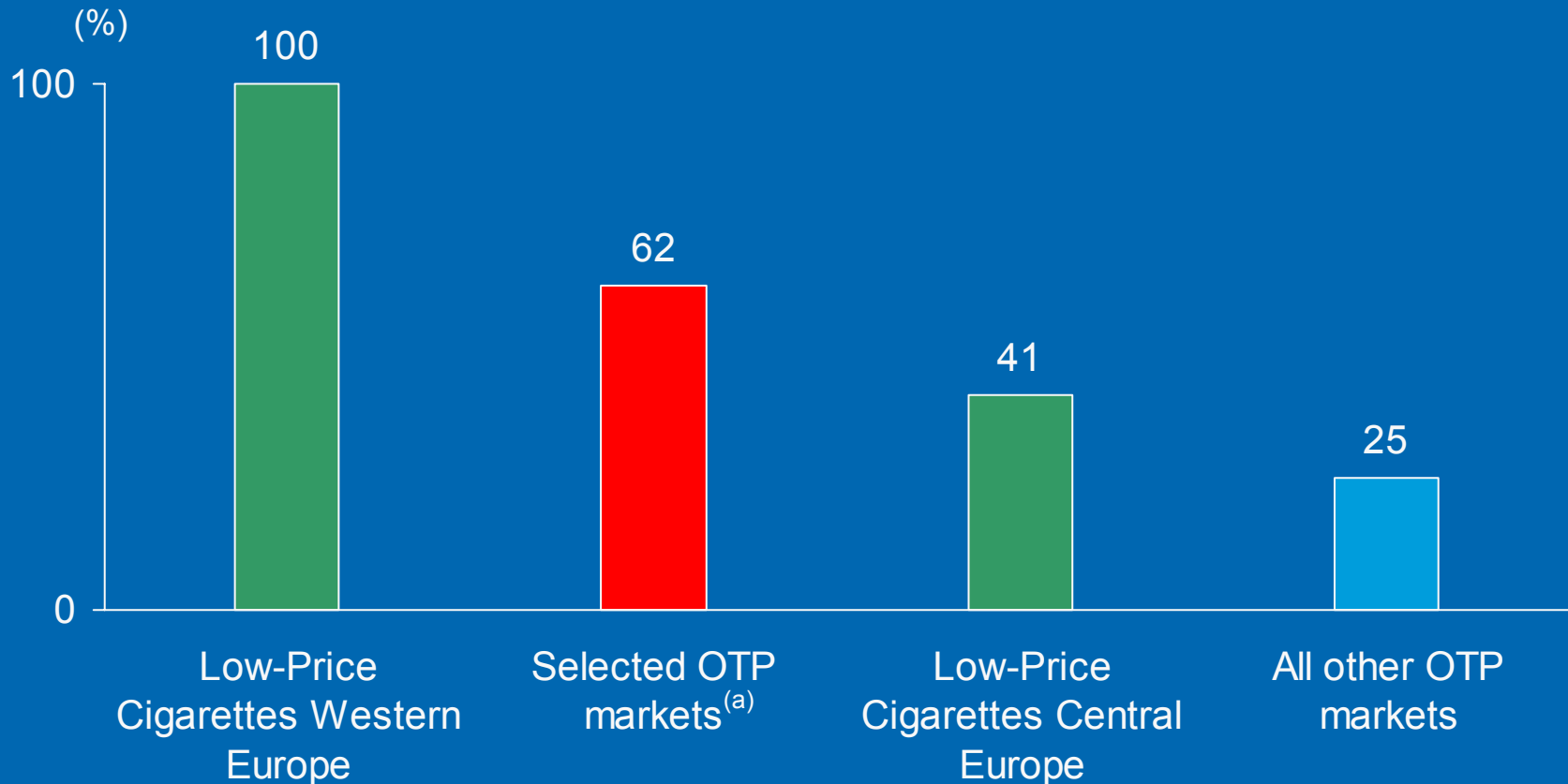
(b) Others include snus in Norway and Sweden and tobacco rods in Germany

Source: PMI Financials

Marginal Contribution Ratio OTP vs. Low-Price Segment Cigarettes (2009)



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(a) Top six markets: Belgium, France, Germany, Luxembourg, Netherlands and Spain

Note: Ratio indexed on marginal contribution of low-price cigarettes in Western Europe. OTP includes fine cut and pipe tobacco

Source: PMI Financials



Pricing

- In 2009 and Q1, 2010, PMI implemented prices increases notably in:

2009	2010
Belgium	Austria
Czech Republic	Norway
France	Poland
Germany	Portugal
Greece	Spain
Hungary	UK
Italy	
Netherlands	
Poland	
Portugal	
Spain	
UK	



European Union Excise Tax Framework

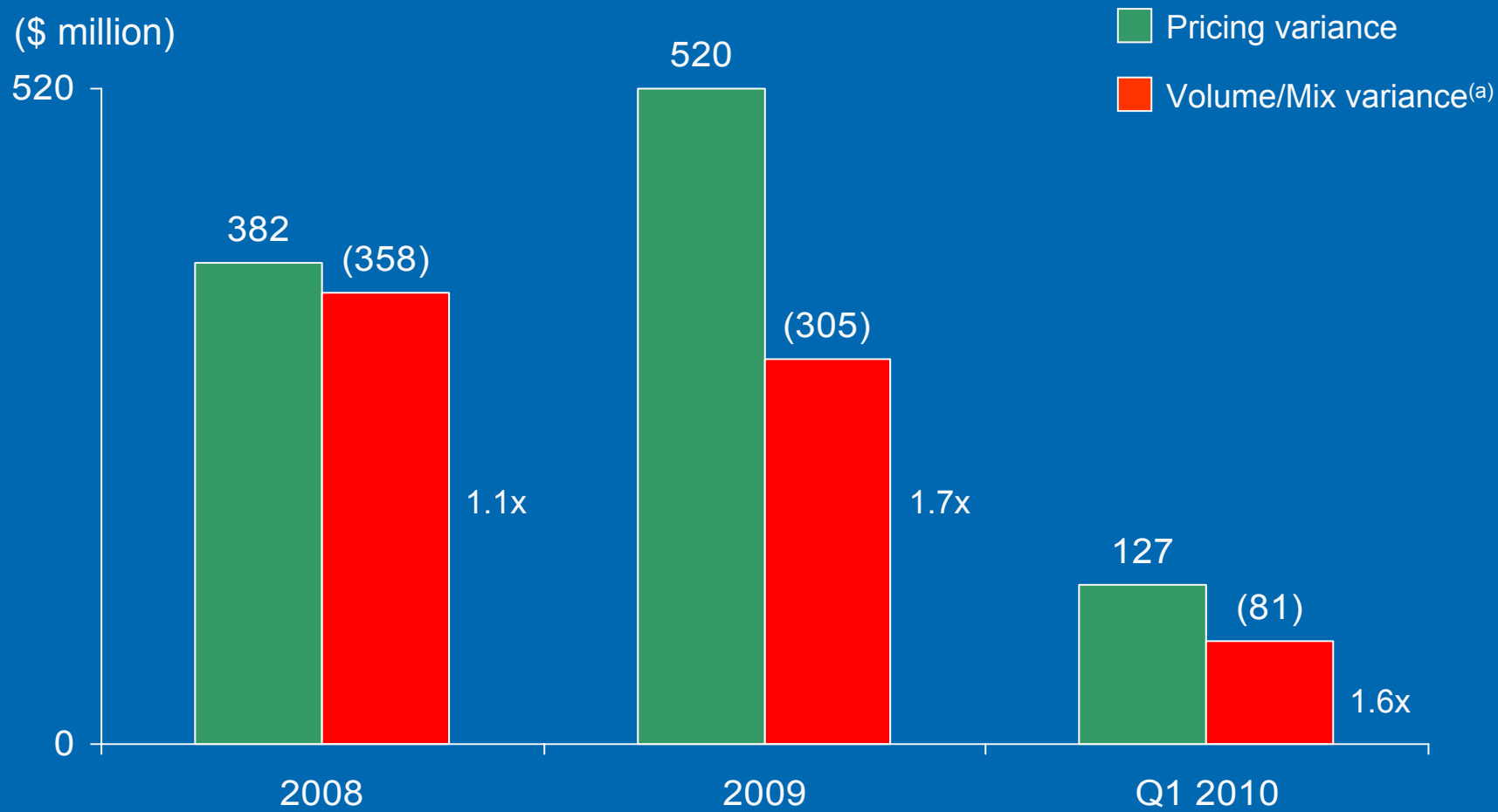
	<u>New Directive</u>	<u>Old Directive</u>	<u>Comments</u>
Implementation Date	2011	-	Technical changes as of 2011. New minima as of 2014
Minimum Tax Yield	€ 90/000 on all cigarettes	€ 64/000 on MPPC	Transition until 2018 for most Central Europe countries
Minimum Tax Incidence	60% on WAP	57% on MPPC	Escape clause if tax on WAP above € 115/000 in 2014. Transition periods in Central Europe
Maximum Specific to Total Tax	76.5%	55.0%	Allows for very high specific excise tax system
Minimum Excise Tax	No cap	Cap at 100% of MPPC	Fiscal tool that limits downtrading

Note: WAP is Weighted Average Price. MPPC is Most Popular Price Class

Source: European Union Commission



Pricing Variance vs. Volume/Mix Variance



(a) Volume/mix variances are negative
Source: PMI Financials



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Price Gaps: *Marlboro* vs. Key Low-Price Brand



(a) Netherlands refers to October 2009 and October 2008 to avoid distortions due to timing of price increases

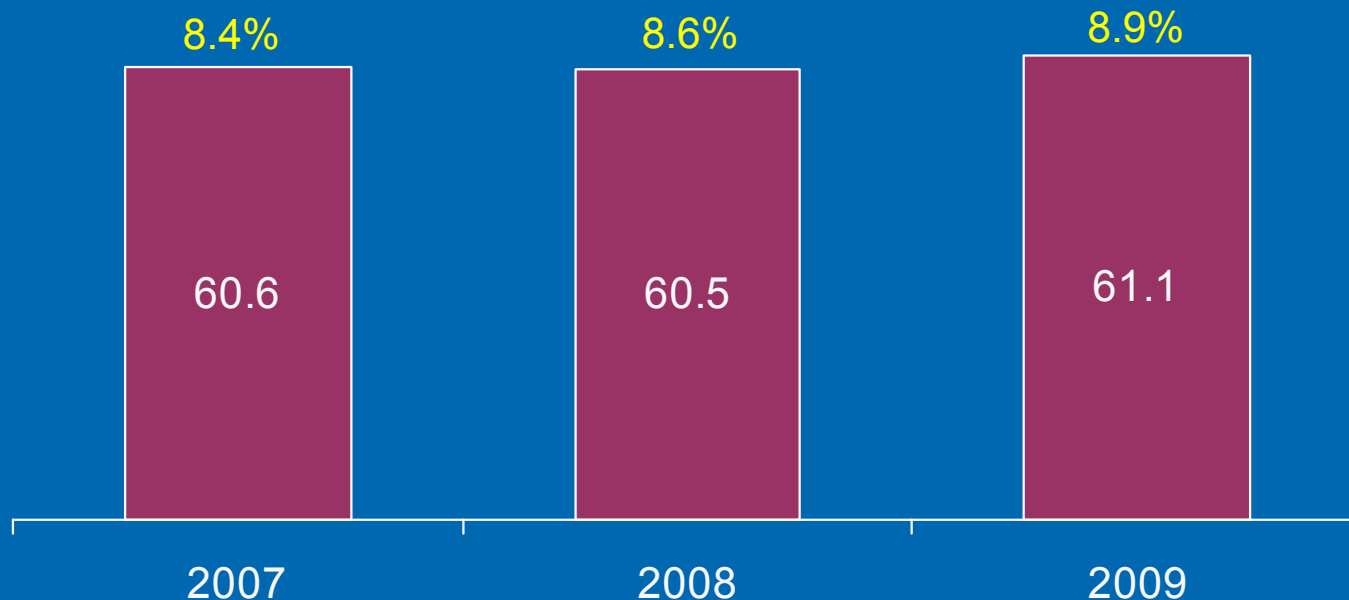
Source: PMI estimates



Counterfeit and Contraband Cigarette Volume

(% of total consumption)

(billion units)



- Advocate for moderate excise tax increases
- Co-operate with EU and member states
- Continue to develop and enhance joint strategies to counter illicit trade

(a) Netherlands refers to October 2009 and October 2008 to avoid distortions due to timing of price increases

Source: KPMG analysis based on empty pack surveys, legal domestic sales and non-domestic (legal). Refers to EU-27 member states



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Regulatory Environment

- Support evidence-based regulation
- Combat display bans
- Oppose measures that restrict competition and encourage illicit trade



Agenda

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- **Key 5 EU markets: highlights**
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France – Total Industry Volume

(billion units)

Variance vs. PY



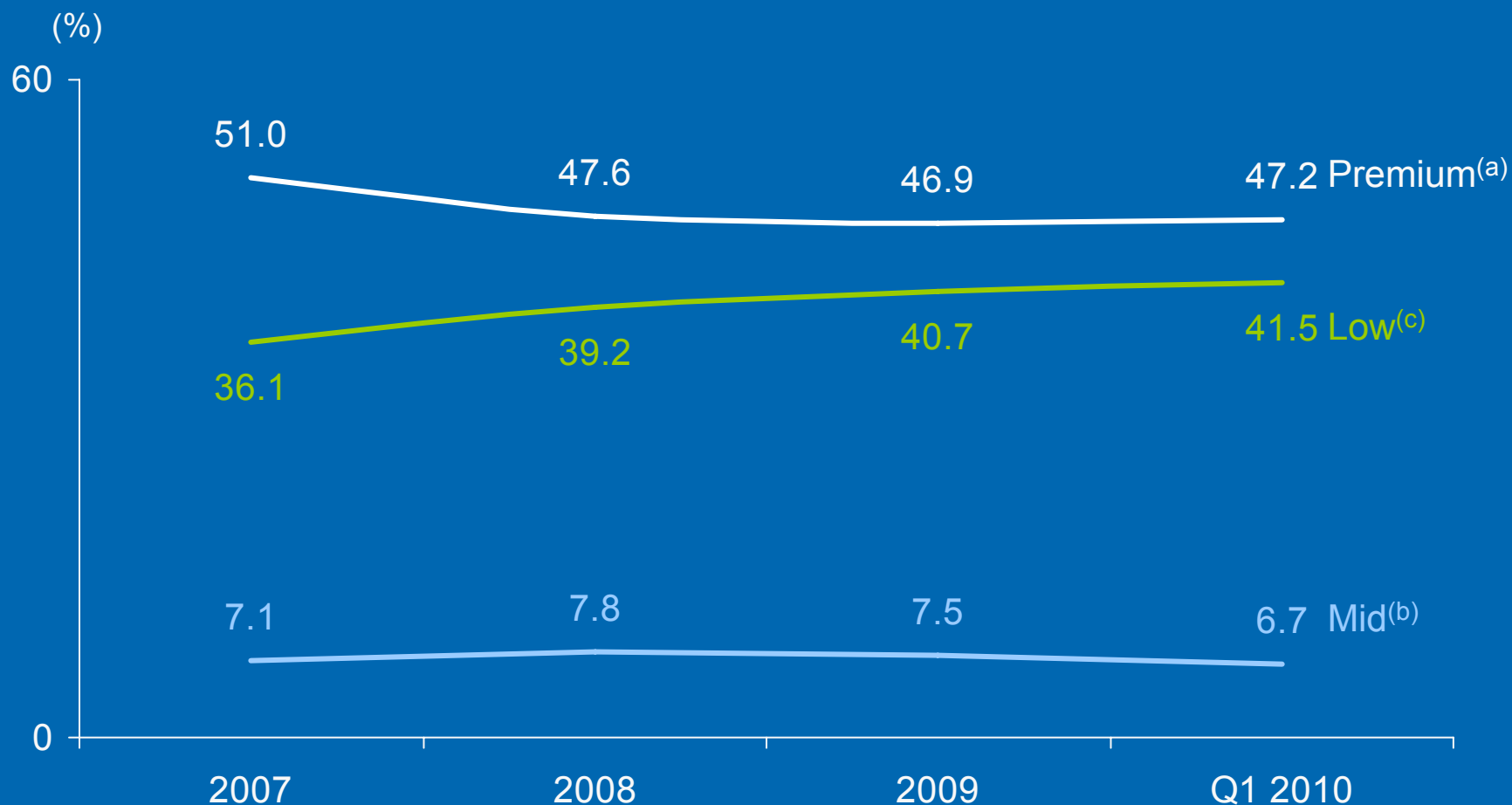
(a) Includes fine cut and cigars & cigarillos. Fine cut converted to cigarettes equivalents based on conversion ratio of 0.75

Source: Altadis Distribution France



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France – Price Segment Shares



(a) Premium: mainly *Marlboro*, *Philip Morris* and *Camel*

(b) Mid: mainly *Chesterfield*, *Lucky Strike* and *Royale*

(c) Low: mainly *L&M*, *Basic*, *Winston*, *Gauloises*, *News* and *JPS*

Source: Altadis Distribution France



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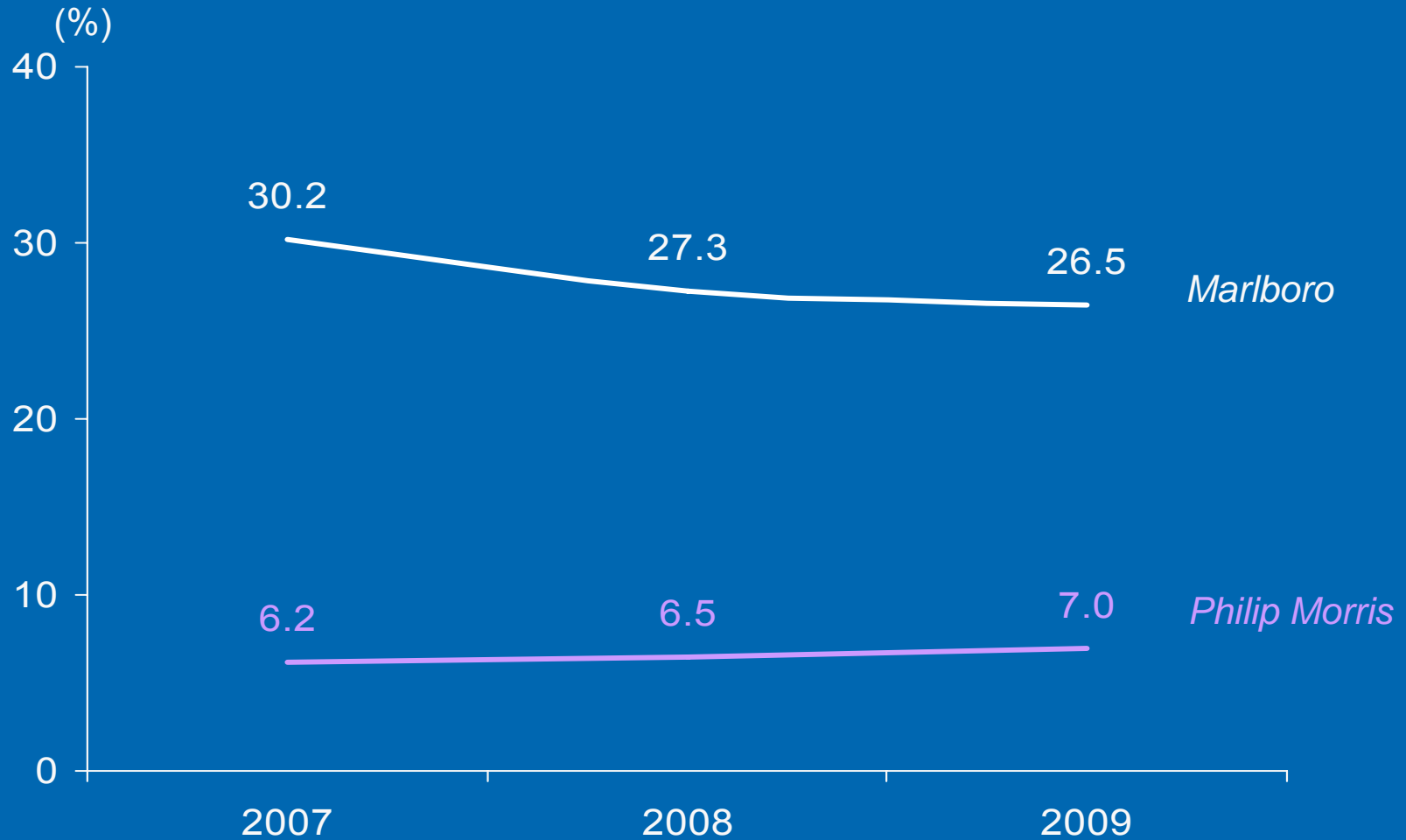
France – Cigarette Market Shares





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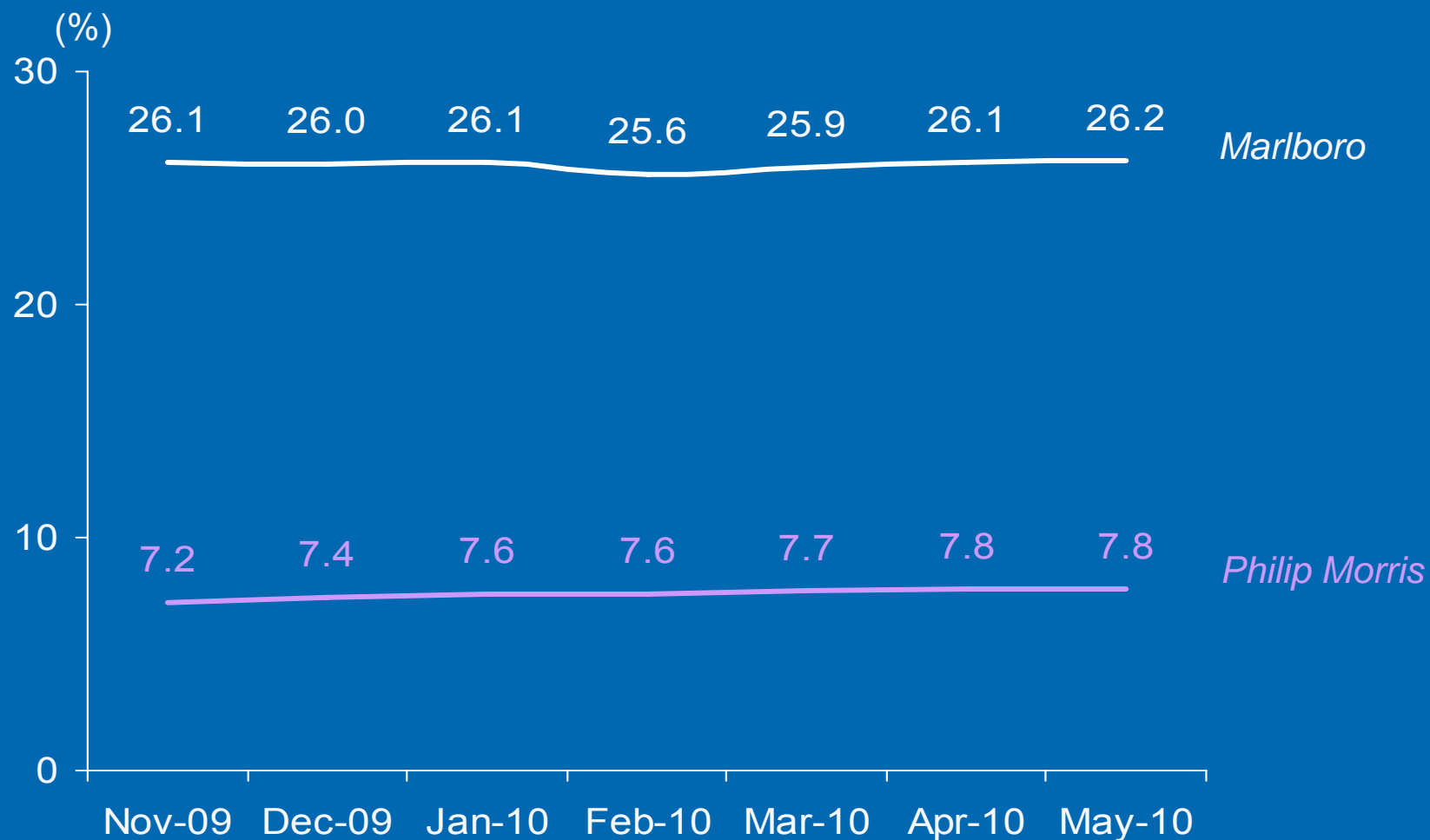
France – PMI Premium Brand Shares





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France – PMI Premium Brand Shares





France – 2010 and Beyond Business Outlook

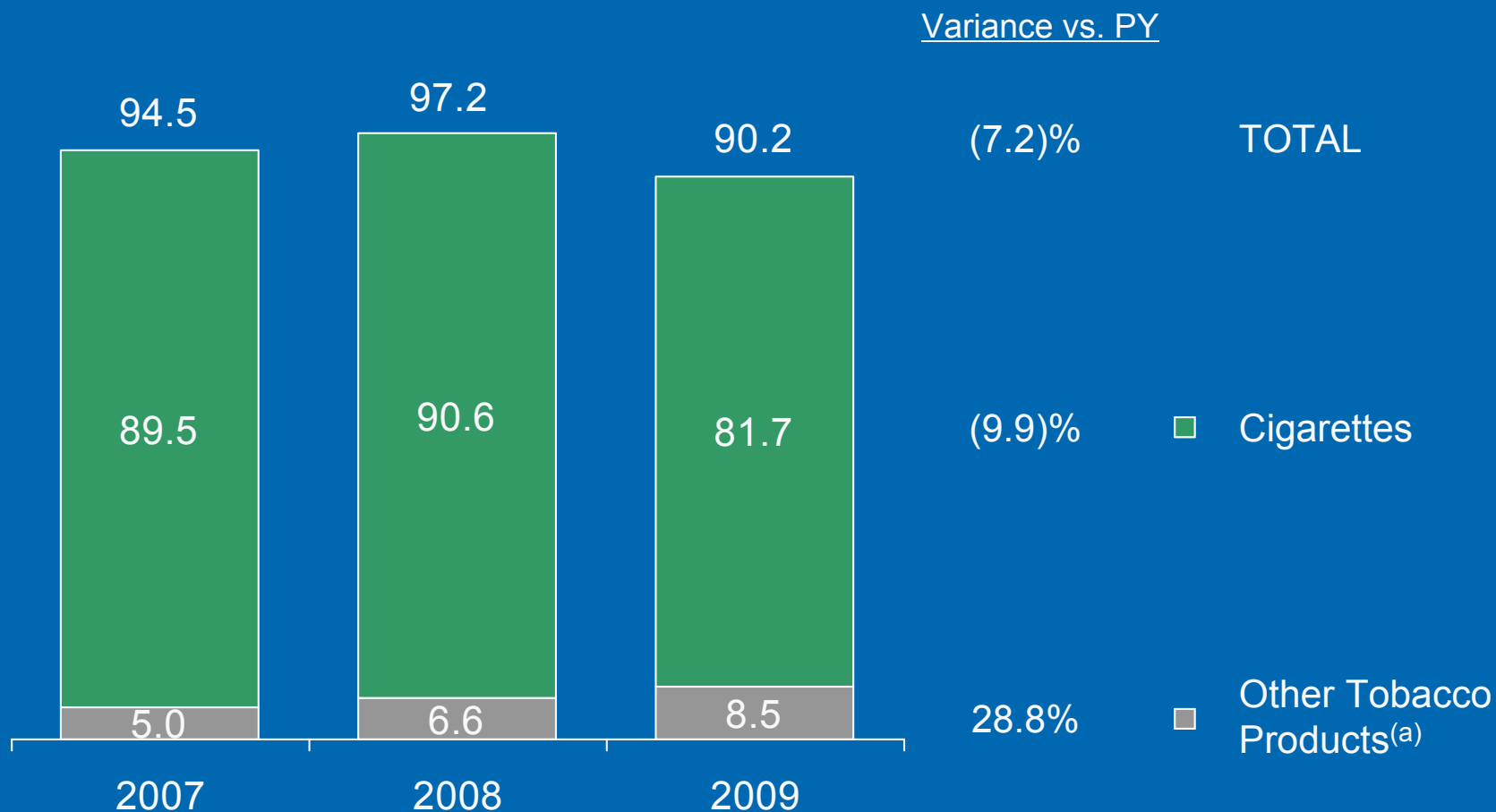
- Advocate for a predictable fiscal and regulatory environment
- Further develop our well-established and comprehensive brand portfolio:
 - Continue roll-out of the *Marlboro* architecture
 - Leverage momentum of *Philip Morris* brand in premium
 - Reinforce our position in the low-price segment with *L&M*, *Chesterfield* and *Basic*
- Grow in the profitable OTP category (PMI market share of 19.5% in 2009)



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Spain – Total Industry Volume

(billion units)



(a) Includes fine cut and cigars & cigarillos. Fine cut converted to cigarettes equivalents based on conversion ratio of 0.75

Source: Tobacco Market Commissioner and Logista



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Spain – Total Cigarette Volume

(%)



(a) Premium: mainly *Marlboro*

(b) Mid: mainly *Chesterfield* and *Camel*

(c) Low: mainly *Fortuna*, *Winston*, *Ducados Black*, *Lucky Strike*, *Nobel*, *Marlboro Pocket Pack*, *Ducados Blond*, *L&M* and *Pall Mall*

Source: Tobacco Market Commissioner and Logista. Based on historical price class evolution.



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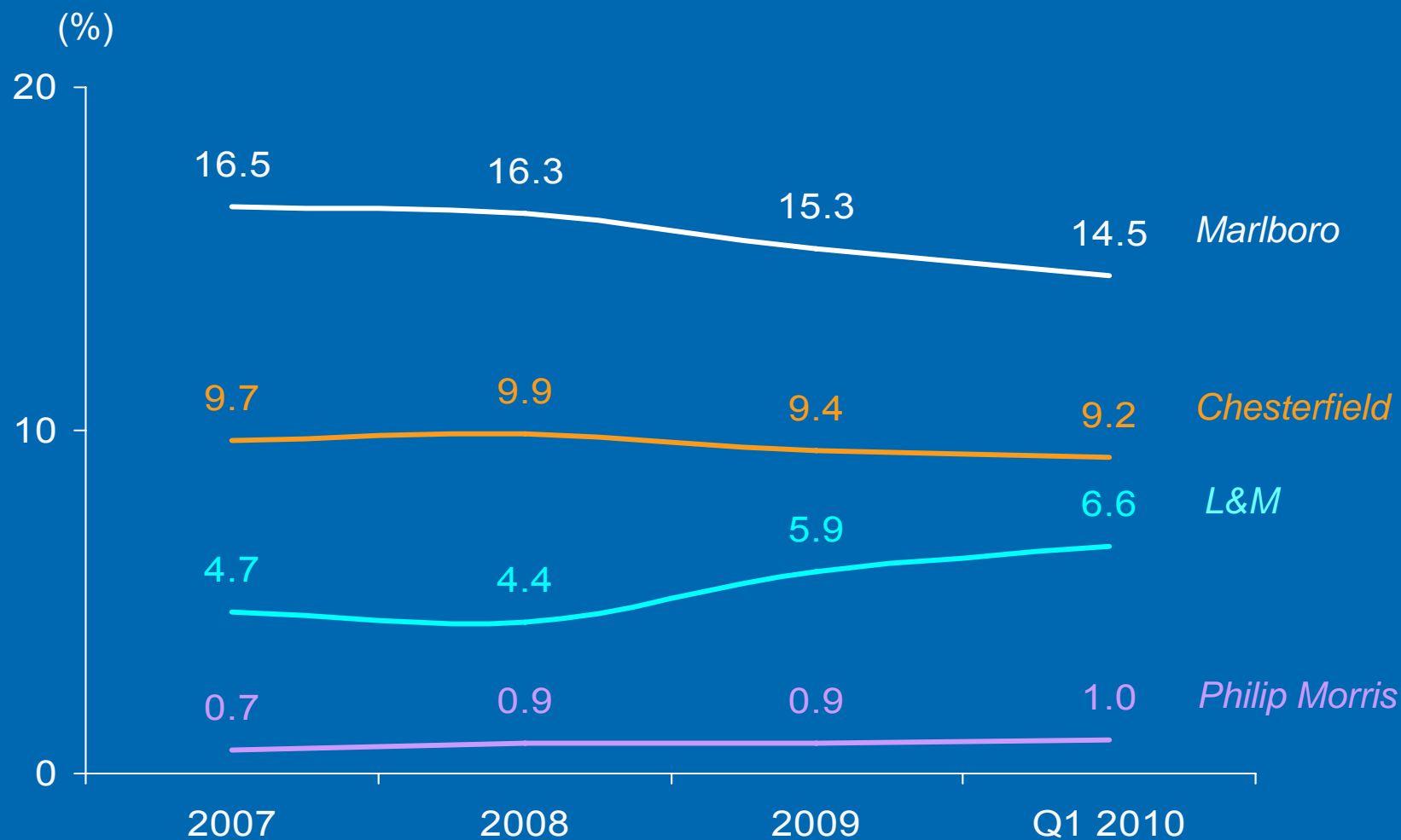
Spain – Cigarette Market Shares





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Spain – PMI Brand Shares





Spain – 2010 and Beyond Business Outlook

- Reinforced public smoking restrictions expected as of 2011
- No sign of economic recovery
- PMI has increased prices by €0.25 / pack ahead of July VAT increase
- Solid portfolio to address affordability:
 - *Marlboro Pocket Pack* and *Marlboro Gold Touch*
 - *Chesterfield* line extensions
 - *L&M*
 - *Philip Morris* family
- Expansion of portfolio in OTP category

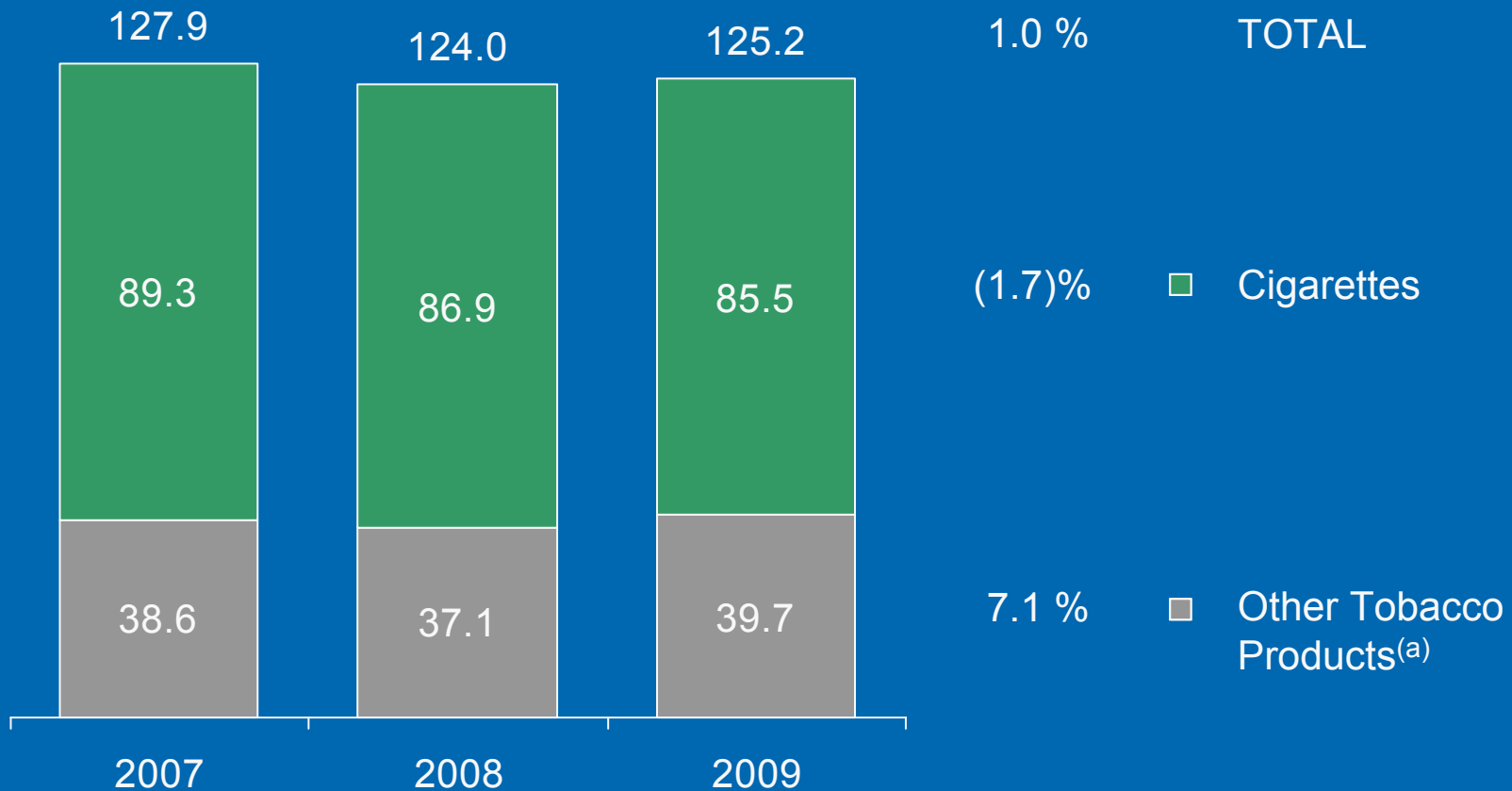


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Germany – Total Industry Volume

(billion units)

Variance vs. PY



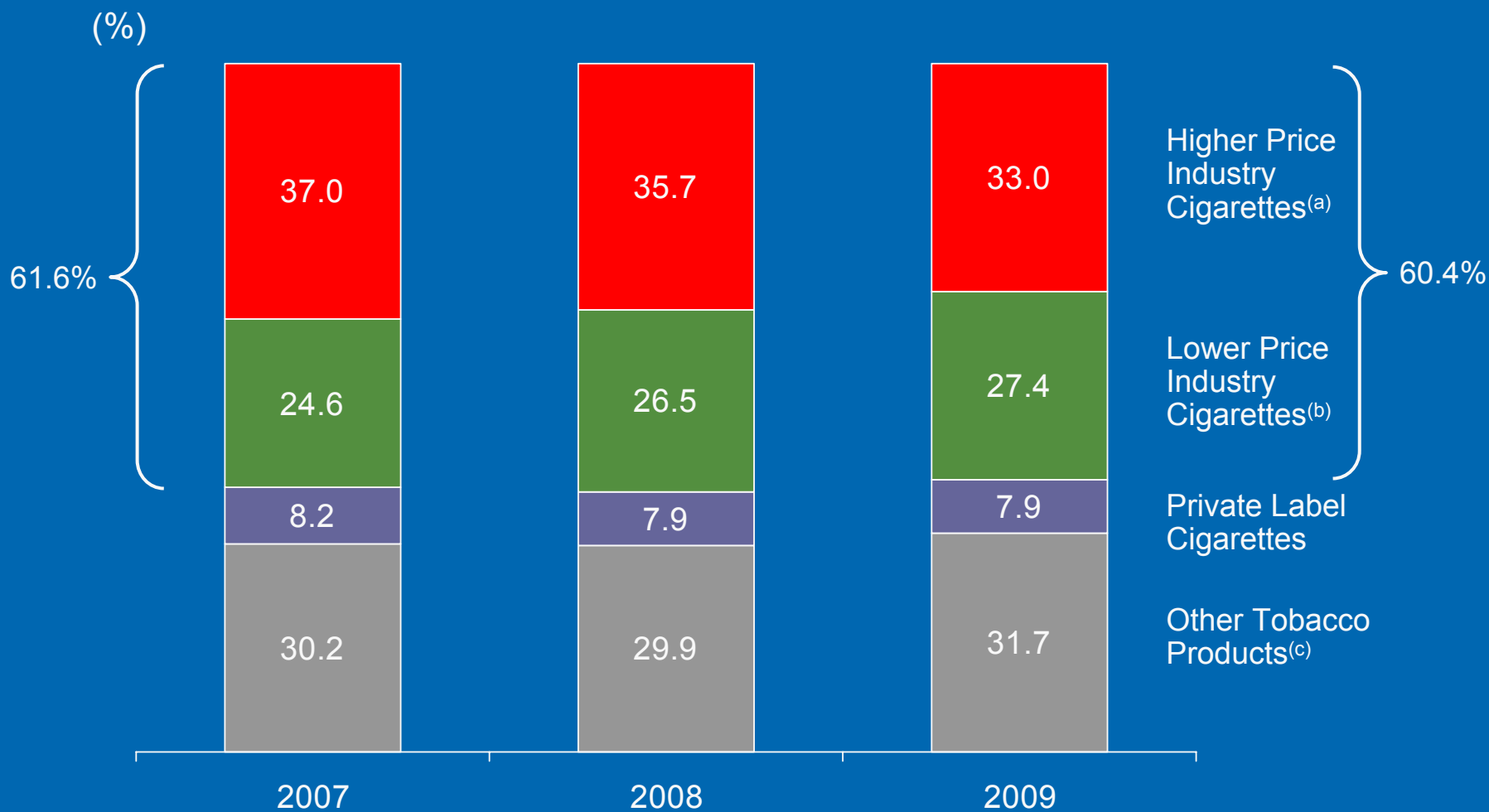
(a) Fine cut converted to cigarettes equivalents based on conversion ratio of 0.50 to 0.75 depending on the product

Source: PMI Market Statistics based on MSI



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Germany – Total Industry Volume



(a) Higher Price: mainly *Marlboro*, *Gauloises Blondes*, *Lucky Strike*, *HB* and *Camel*

(b) Lower Price: mainly *L&M*, *JPS*, *Pall Mall* and *West*

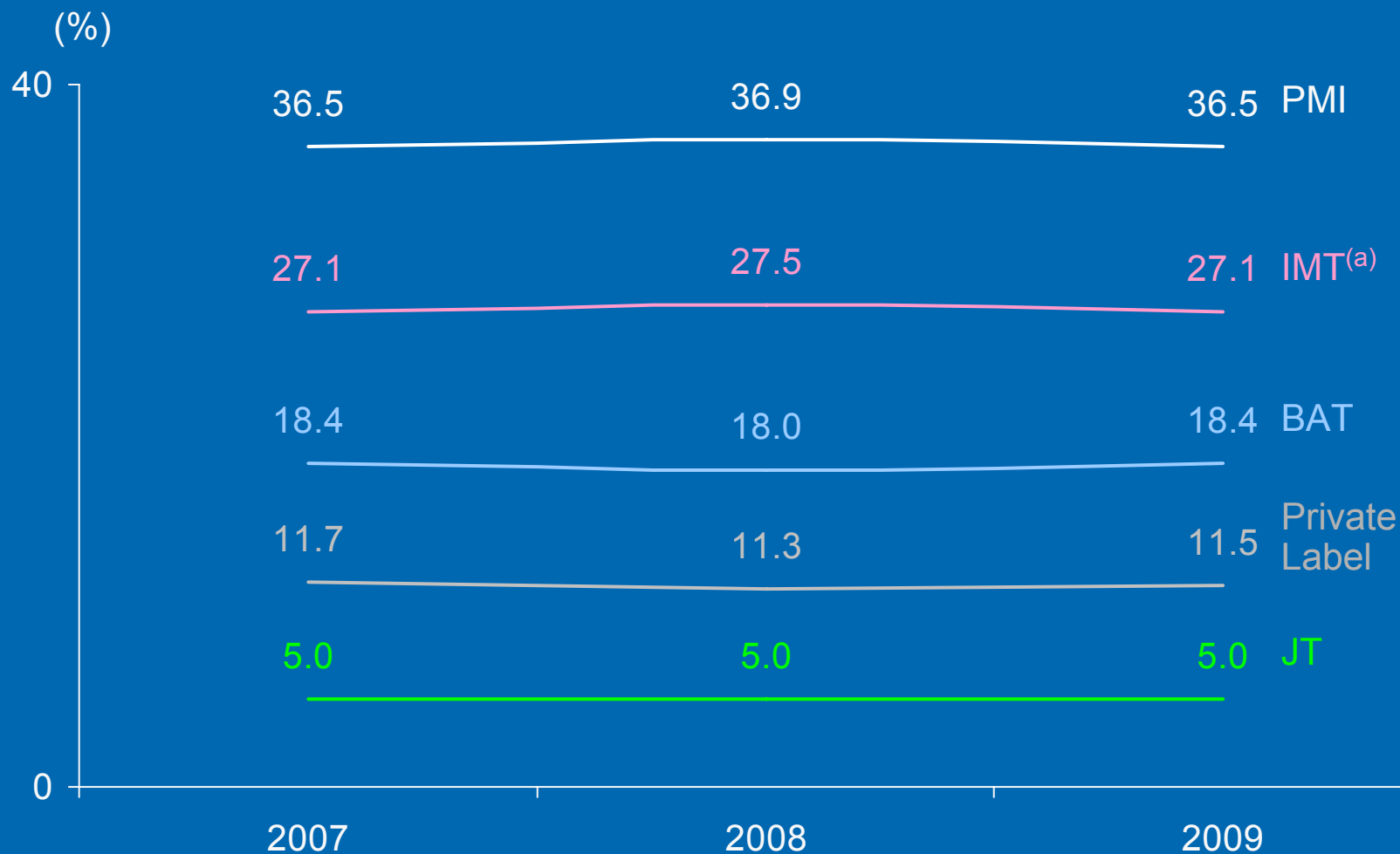
(c) Fine cut converted to cigarettes equivalents based on conversion ratio of between 0.5 and 0.75, depending on the product

Source: PMI Market Statistics based on MSI



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Germany – Cigarette Market Shares



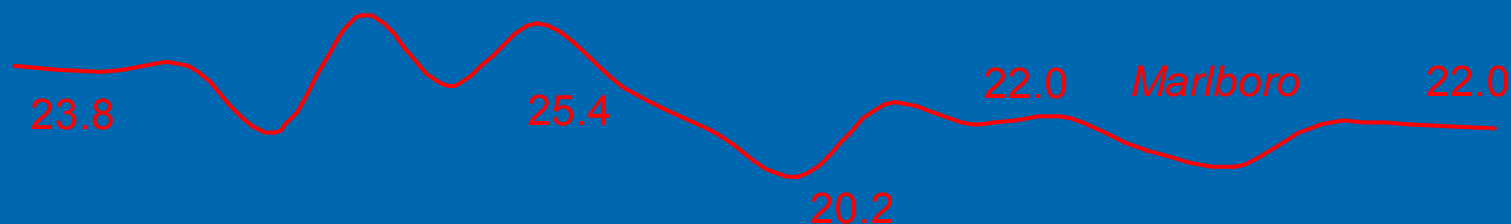
(a) *Gauloises Blondes* shown under IMT
Source: PMI Market Statistics based on MSI



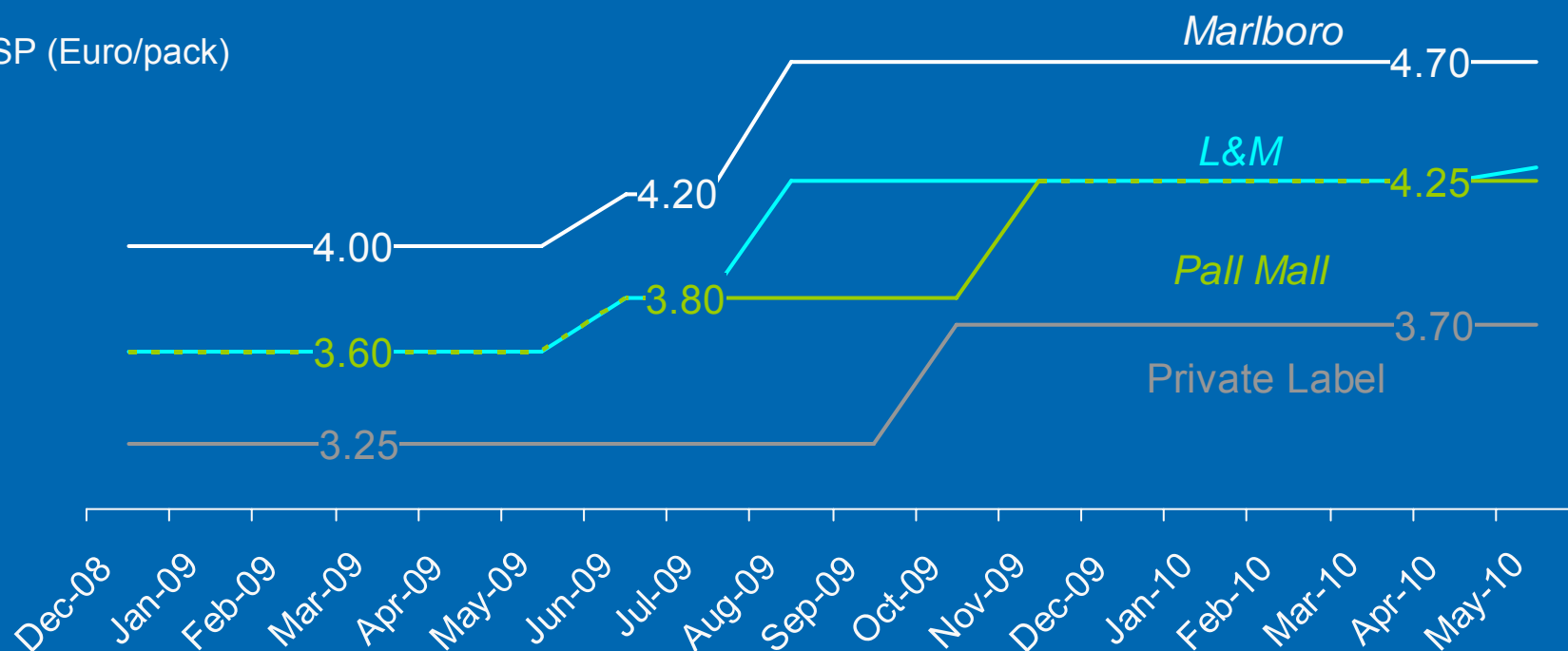
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Germany – Pricing

Monthly SoM (%)



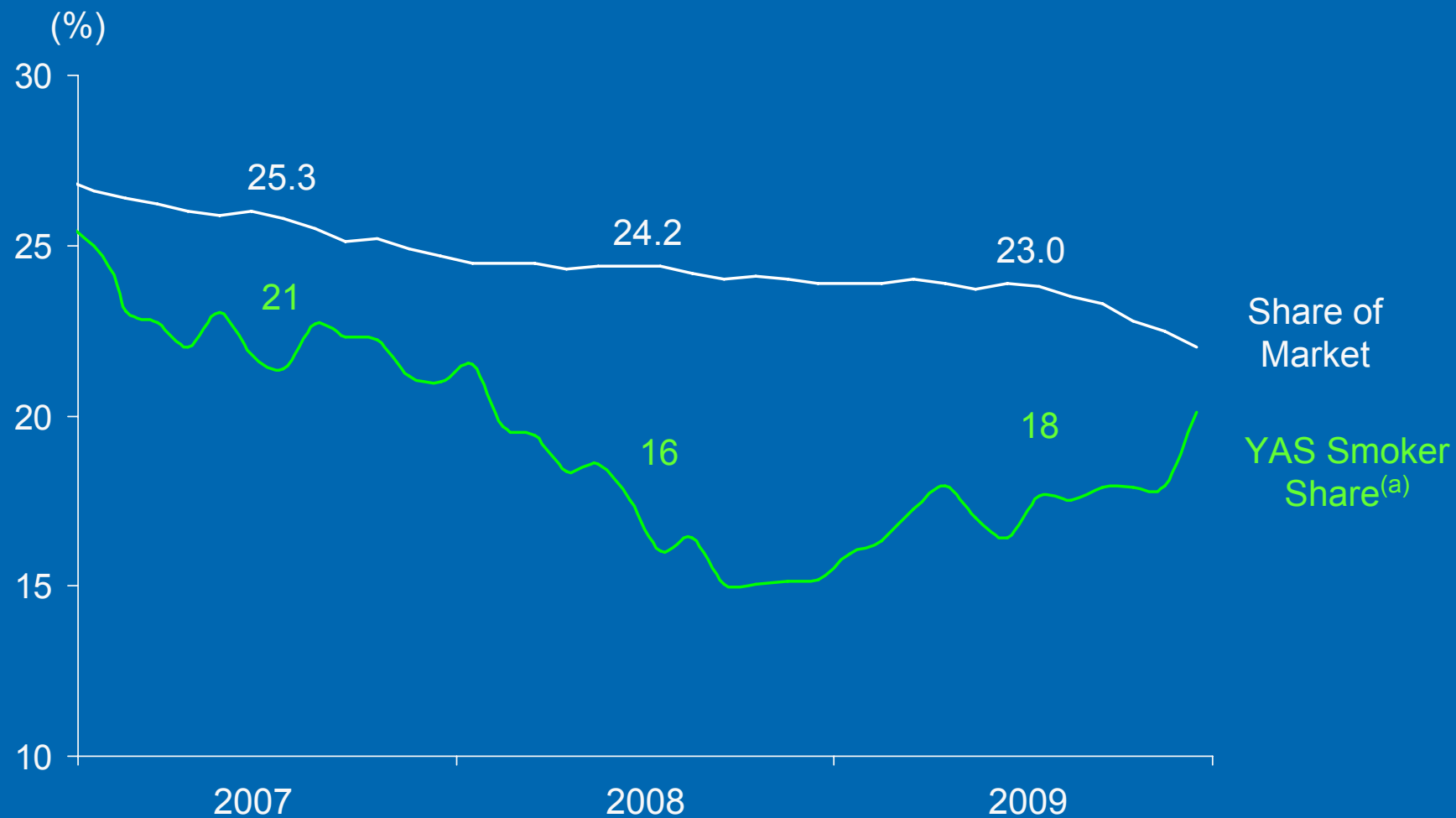
RSP (Euro/pack)





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Germany – Marlboro Performance



(a) 6mma

Source: PMI Market Statistics based on MSI and GCTS



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Germany – L&M Performance



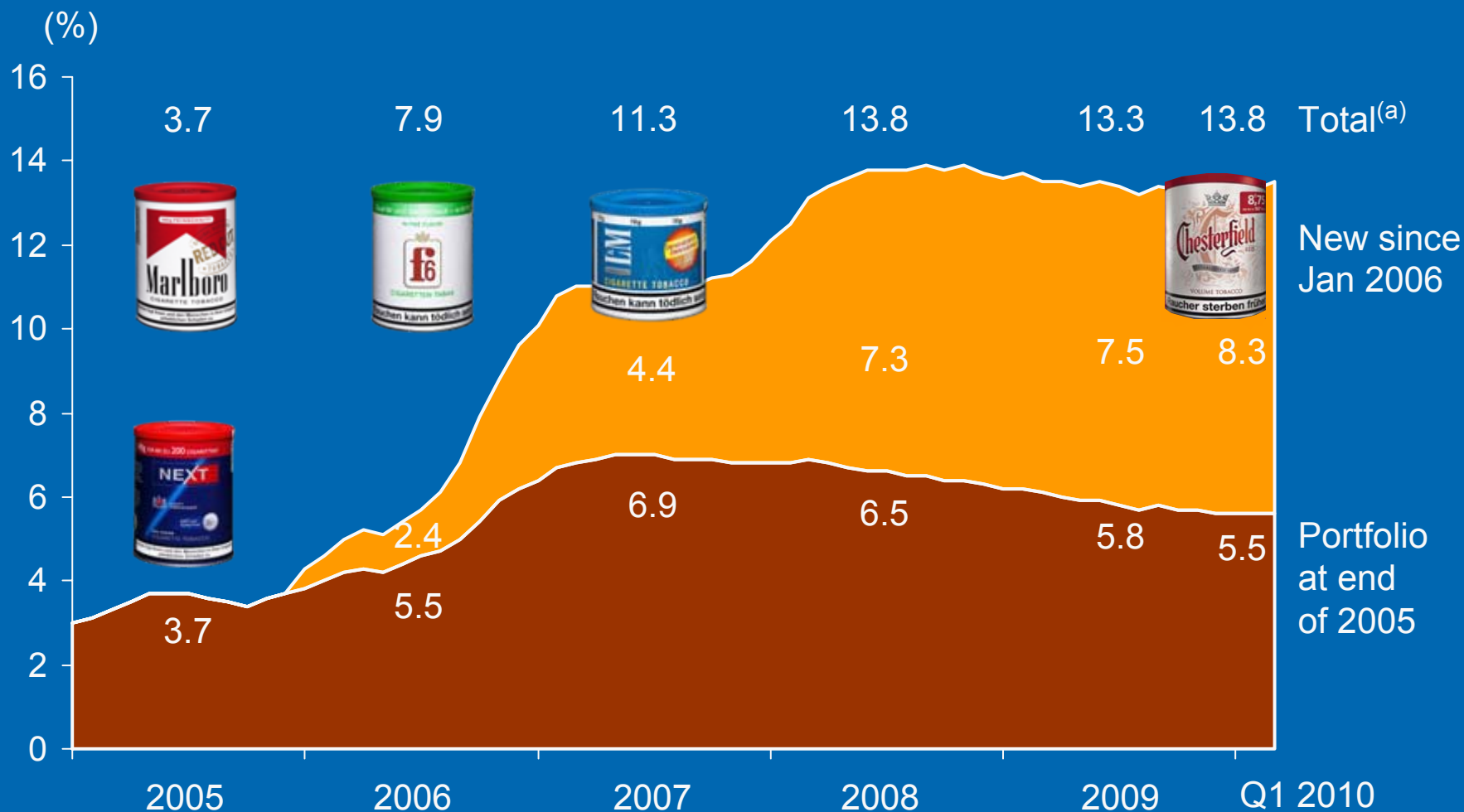
(a) 6mma

Source: PMI Market Statistics based on MSI and GCTS



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Germany – PMI Fine Cut Market Share



(a) 6mma

Source: PMI Market Statistics based on MSI



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Germany – 2010 and Beyond Business Outlook

- Ensure a sustainable fiscal and regulatory environment
- Develop our cigarette portfolio to secure future growth:
 - Reinforce *Marlboro's* No. 1 status
 - Strengthen our position in the growing low-price segment with *L&M* and *Chesterfield*
- Further reinforce PMI's position in OTP



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Italy – Total Industry Volume

(billion units)

Variance vs. PY



(a) Fine cut converted to cigarettes equivalents based on conversion ratio of 0.75

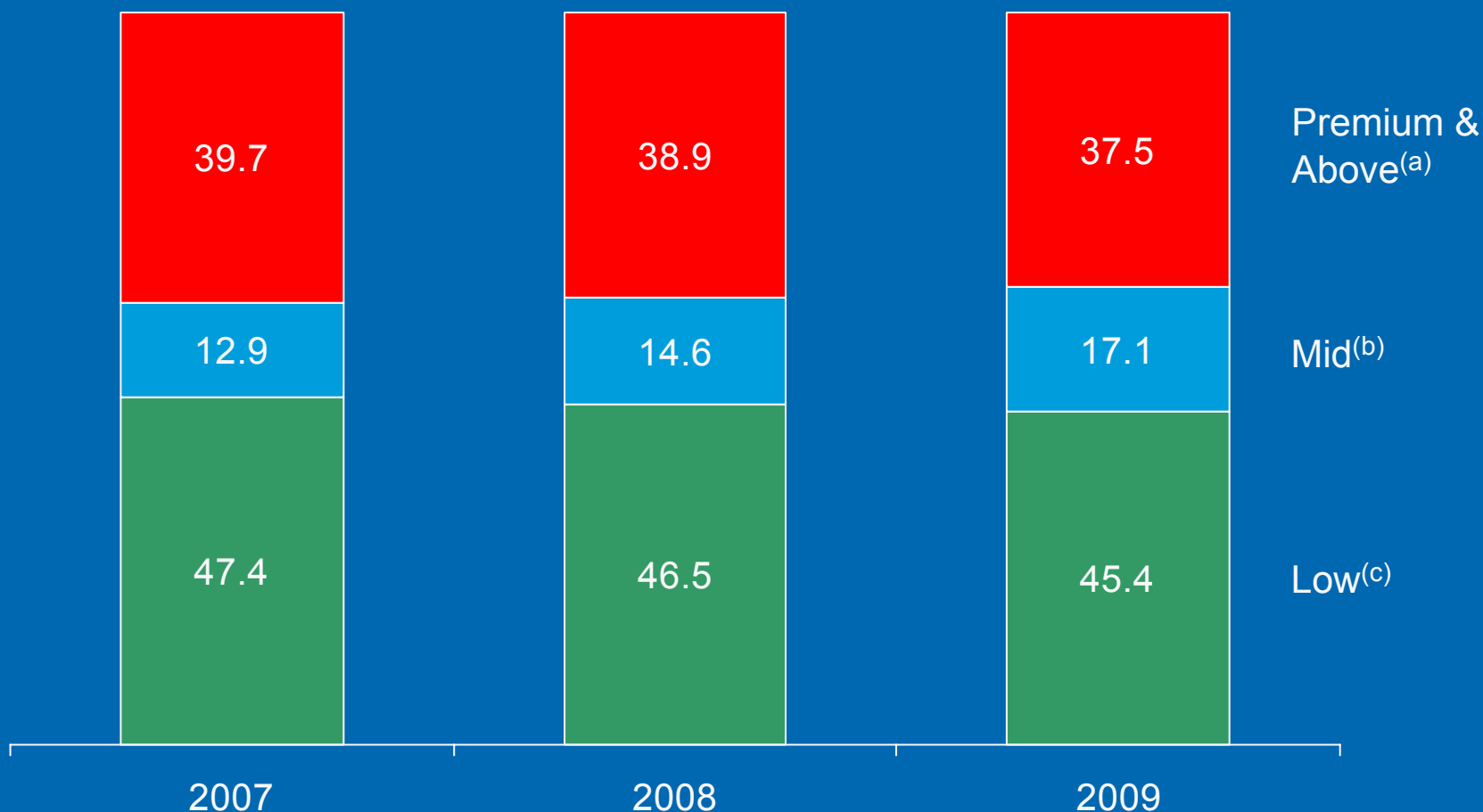
Source: Logista



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Italy – Total Industry Cigarette Volume

(%)



(a) Premium and Above: mainly *Marlboro*, *Merit*, *Philip Morris*, *Muratti*, *Dunhill* and *Vogue*

(b) Mid: mainly *Chesterfield*, *Camel*, *Lucky Strike* and *Marlboro Gold Touch*

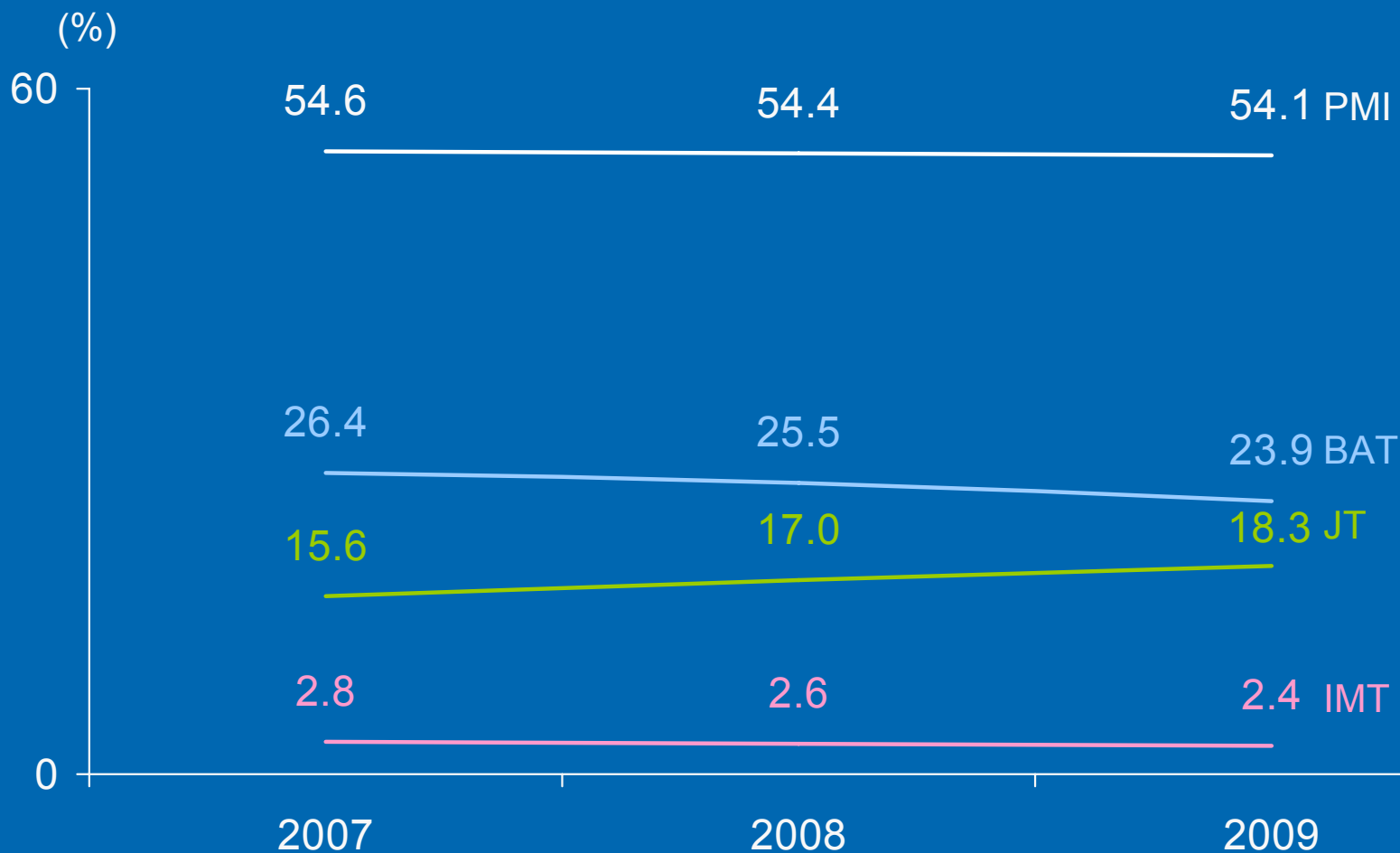
(c) Low: mainly *Diana*, *L&M*, *MS*, *Pall Mall* and *Winston*

Source: Logista and A.C. Nielsen



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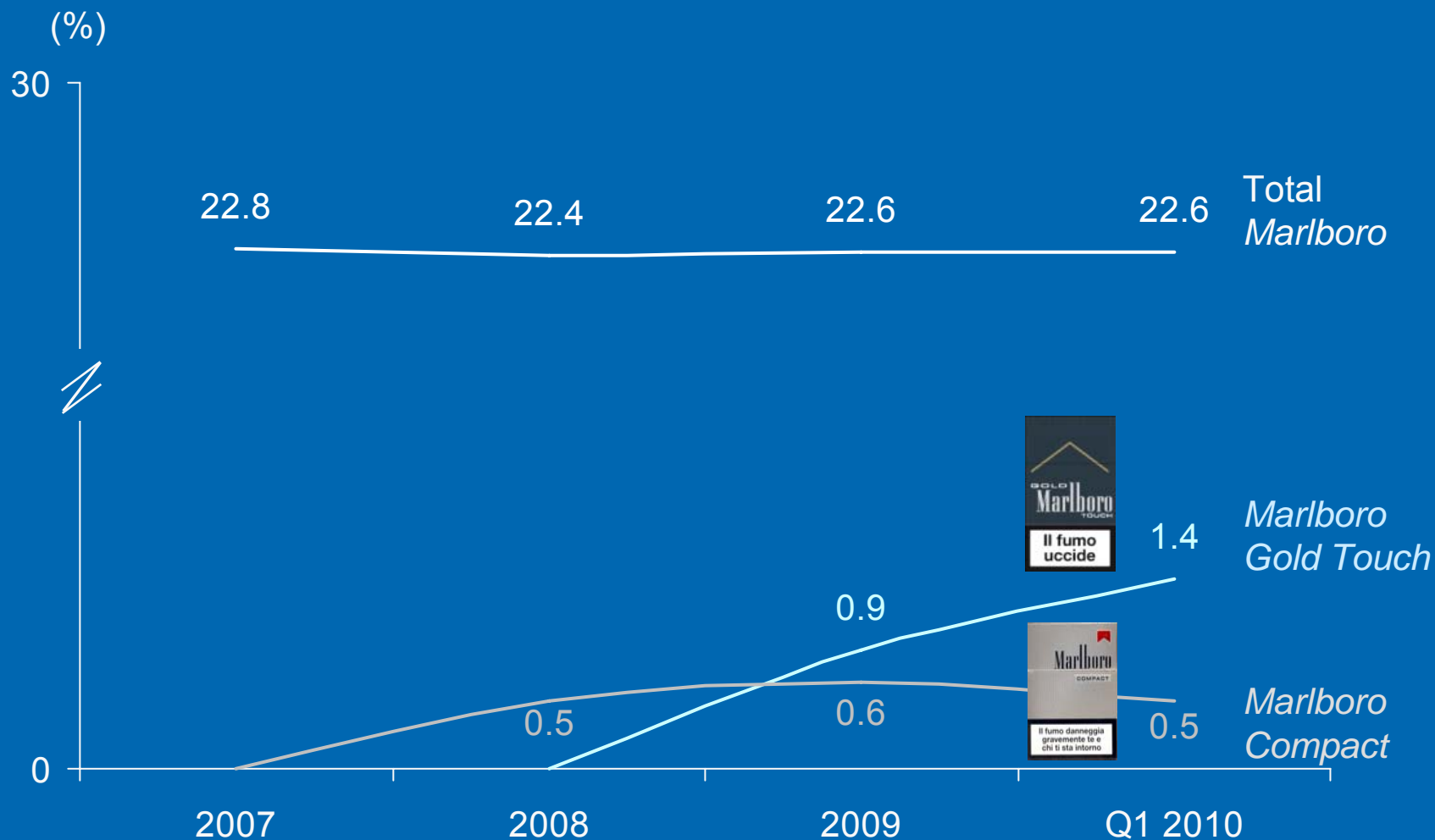
Italy – Cigarette Market Shares





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Italy – Marlboro Market Share





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Italy – 2010 and Beyond Business Outlook

- Advocate for a predictable fiscal and regulatory environment
- Reinforce cigarette portfolio to secure future growth:
 - Sustain *Marlboro's* No. 1 status
 - Strengthen our position in mid and low-price segments with:
 - *Marlboro Gold Touch*
 - *Marlboro Core Flavor*
 - *Chesterfield*
 - *Diana*
 - *L&M*





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Poland – Total Industry Volume

(billion units)

Variance vs. PY



(a) Fine cut converted to cigarettes equivalents based on conversion ratio of 0.75
Source: PMI estimates



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Poland – Total Industry Cigarette Volume

(%)



(a) Premium: mainly *Marlboro*, *Vogue*, *Davidoff*, *Camelia*, *R1* and *Camel* as of 2009

(b) Mid: mainly *L&M*, *West*, *Golden America* and *Pall Mall*

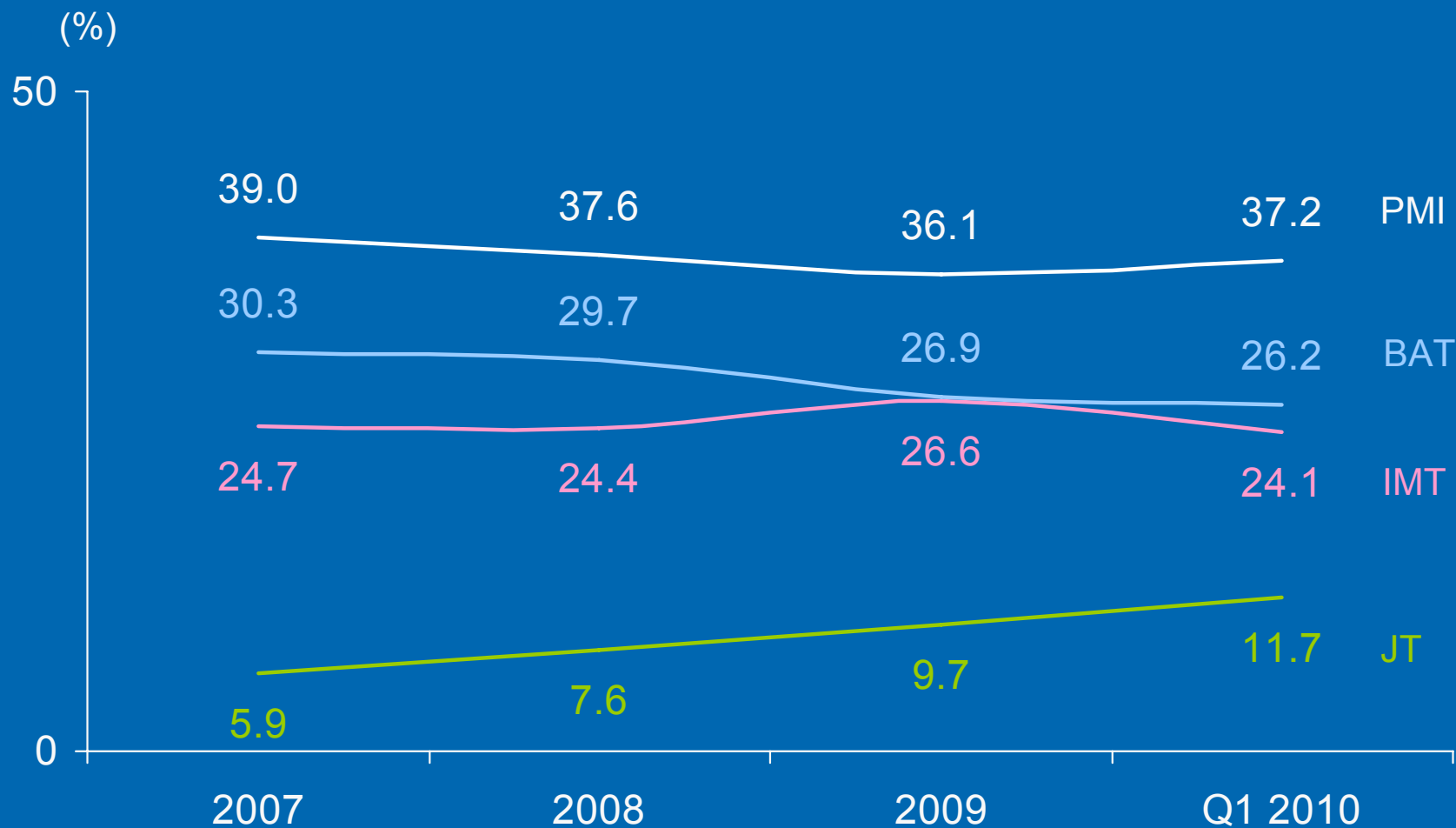
(c) Low: mainly *Red & White*, *Viceroy*, *LD*, *Nevada*, *Mocne*, *Route 66*, *Paramount* and *20/40 Rockets*

Source: A.C. Nielsen



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Poland – Cigarette Market Shares

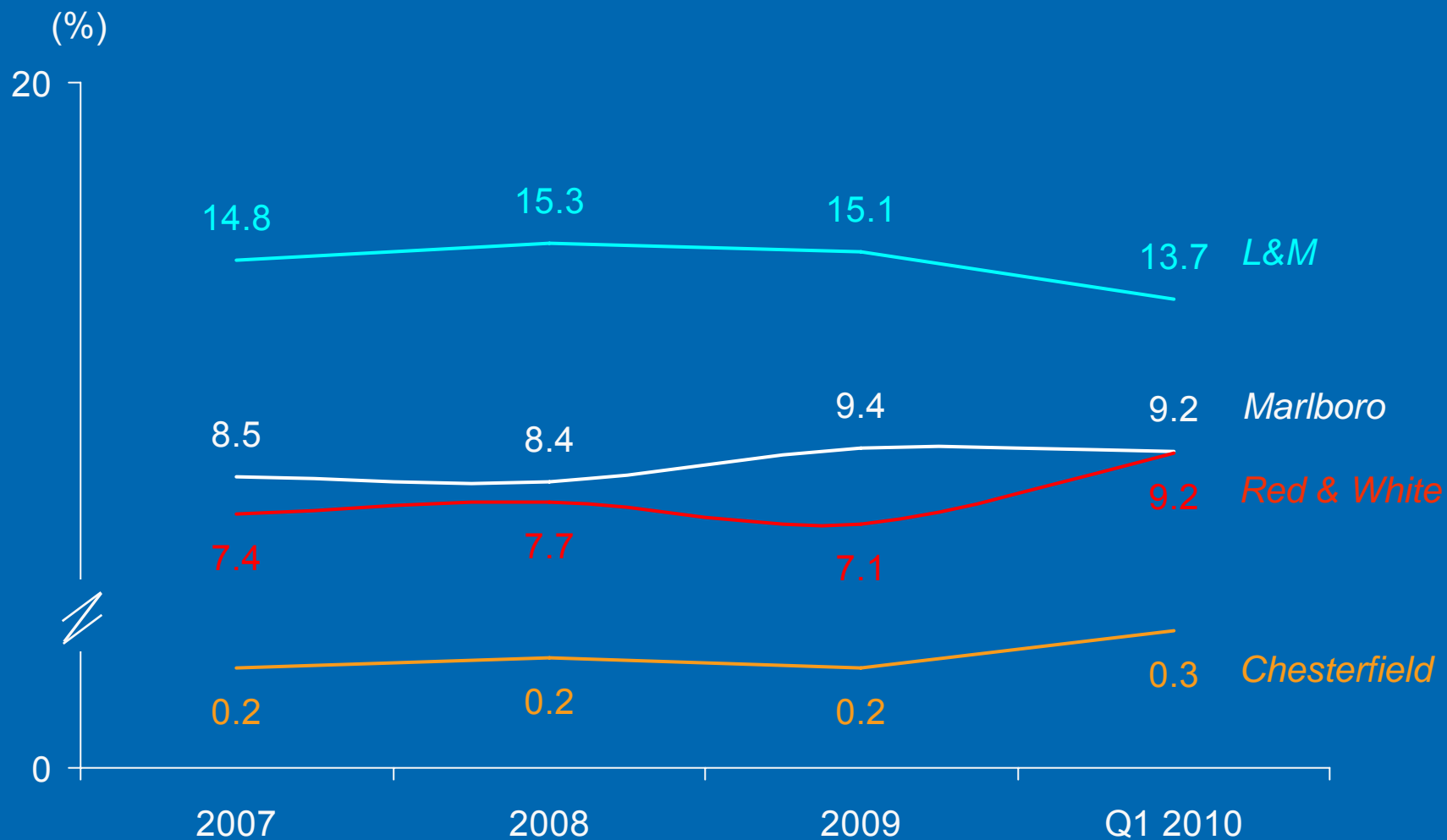


Note: Current view of historical shares. BAT including ST, IMT including Altadis and JT including Gallaher
Source: PMI estimates



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Poland – Brand Family Market Shares





Poland – 2010 and Beyond Business Outlook

- Leverage EU tax harmonization to advocate for a predictable fiscal environment
- Reinforce cigarette portfolio to increase market leadership:
 - Sustain leading brand position in all price segments
 - Leverage new *Marlboro* architecture
 - Grow *Marlboro* and *L&M* share among LA (min. 18) – 24 smokers
 - Expand *Chesterfield* presence in the low-price segment
 - Capitalize on emerging new segments (menthol, super-slims)



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Conclusion

- Superior brand portfolio with the leading brand - *Marlboro* - and the fastest growing brand - *L&M*
- Pricing more than offsets volume / mix variance, despite consumer downtrading due to economic situation
- Sound and predictable fiscal framework
- Superior power of execution driven by effective and focused organization – *Marlboro* architecture deployment in 18 months across EU Region



Very strong basis to ensure continuous sustainable growth



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2010
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Investor Day – EU Region 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



PHILIP MORRIS
INTERNATIONAL

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



PHILIP MORRIS
INTERNATIONAL

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



PHILIP MORRIS
INTERNATIONAL

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



PHILIP MORRIS
INTERNATIONAL

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



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)

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 %

(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 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)

2005								(Unaudited)	2004			% 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	
\$ 23,813	\$ 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 – EU Region
Lausanne, June 23, 2010**