



PHILIP MORRIS  
INTERNATIONAL

2010  
INVESTOR DAY

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## Investor Day – Asia Region Lausanne, June 23, 2010

Matteo Pellegrini

*President, Asia Region*

Philip Morris International



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# Agenda

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- Operating environment
- PMI strategic priorities in Asia
- Brand portfolio and innovations
- Key Asia markets: highlights
- Questions & Answers



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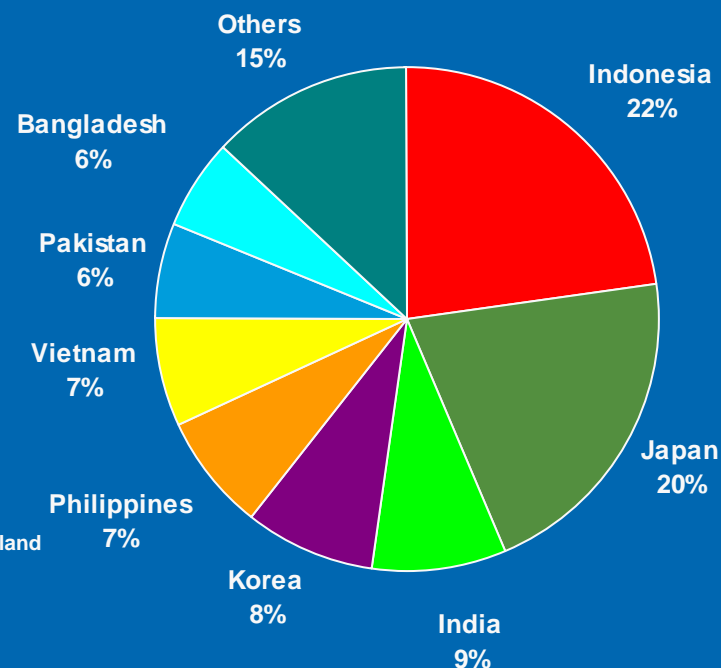
# Operating Environment 2009

- Population : 3.8 billion
- Cigarette Volume: 3.4 trillion



Asia accounts for 56% of the world's population  
And 60% of the world's cigarette volume...

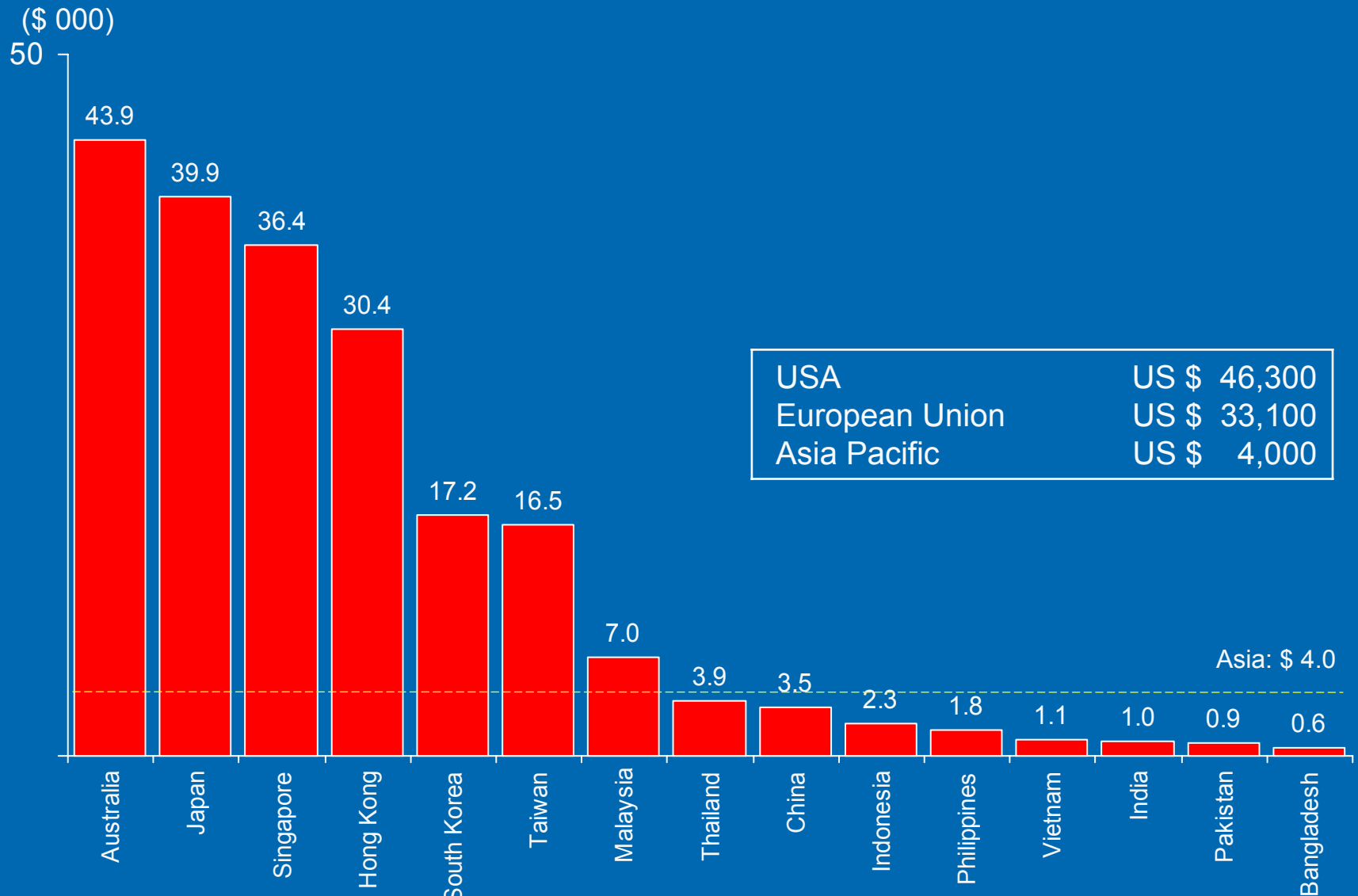
Cigarette Volume:  
1.2 trillion units (Excl. – China)





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# GDP Per Capita in 15 Key Markets

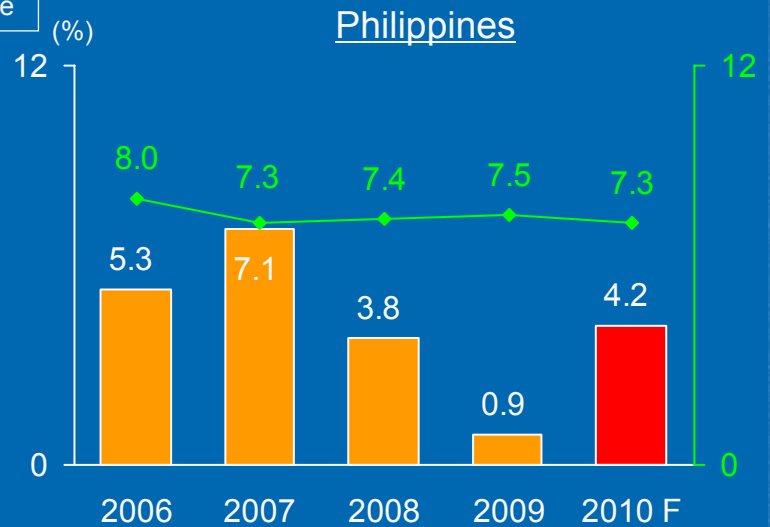
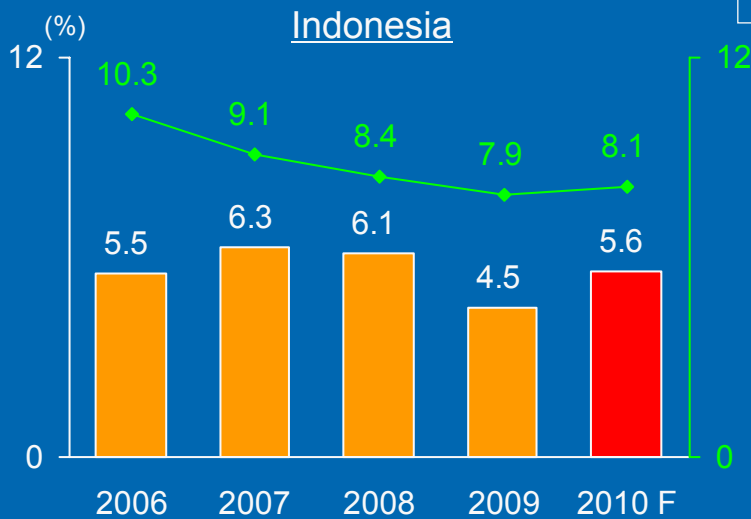
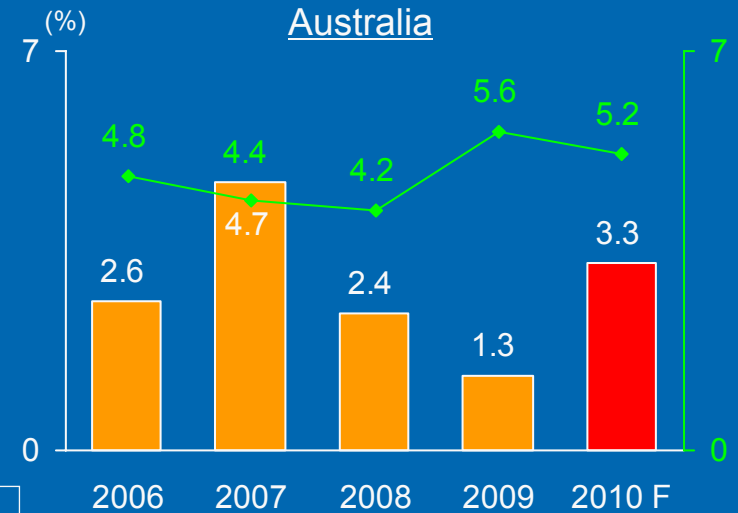
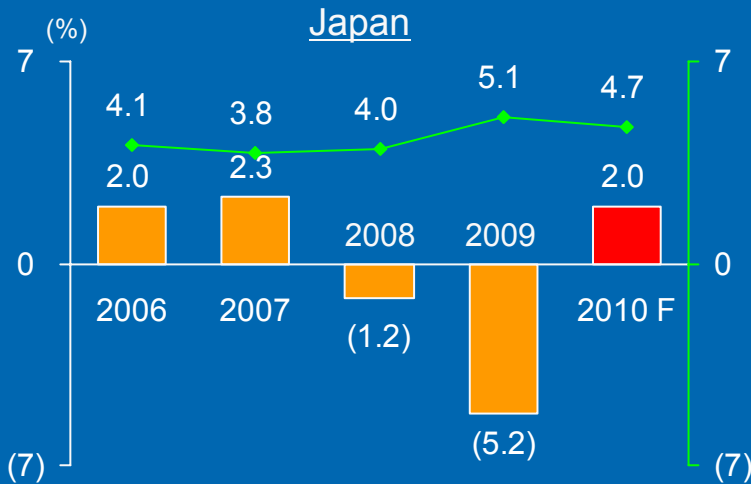


Source: Global Insights



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# GDP Growth and Unemployment Rates





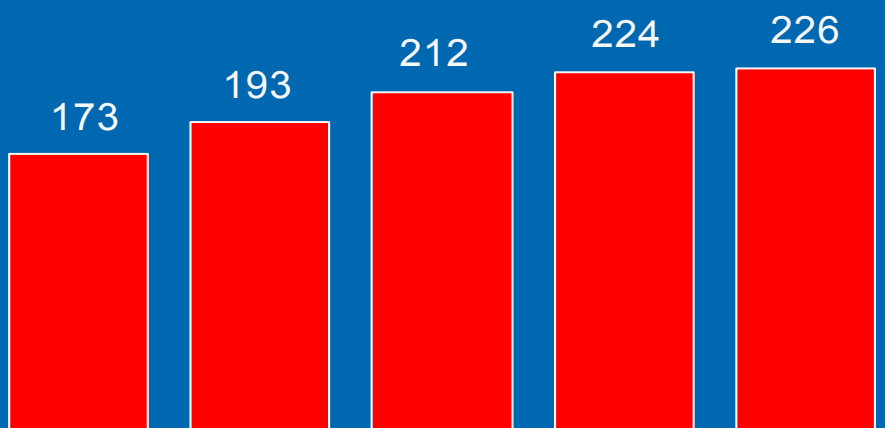
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# Asia Region Results

## Shipment Volume

2005 - 2009 CAGR = 6.9%

(billions units)



2005 2006 2007 2008 2009

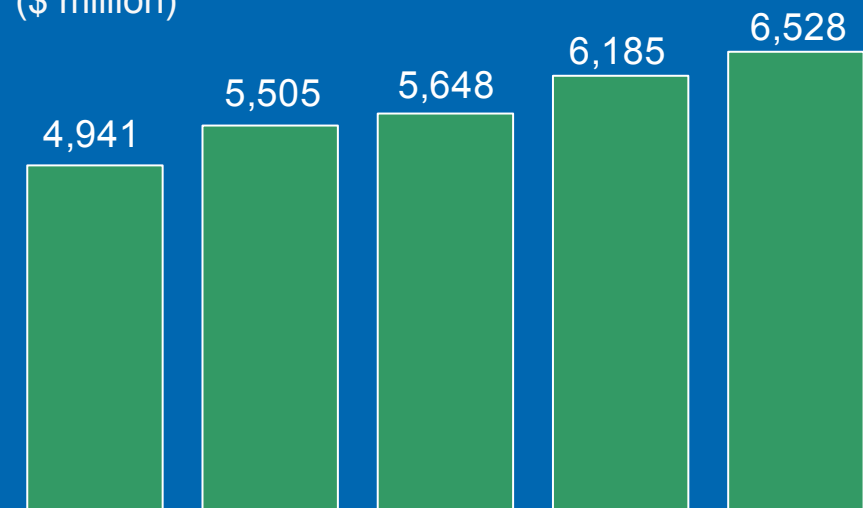
### Growth (%)

21.7 11.6 9.4 5.8 1.1

## Net Revenues

2005 - 2009 CAGR = 7.2%

(\$ million)



2005 2006 2007 2008 2009

### Growth (%)

32.6 11.4 2.6 9.5 5.5



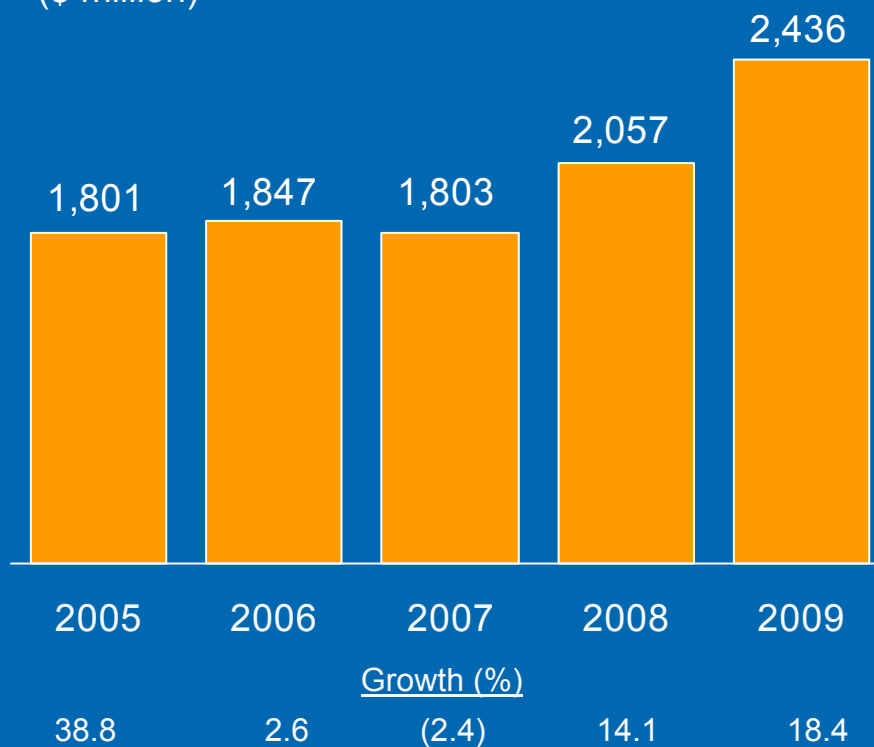
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# Asia Region Results

## Operating Companies Income

2005 - 2009 CAGR = 7.8%

(\$ million)





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# Asia Region Q1, 2010 Results

## Shipment Volume

Growth: +11.4%  
+ 0.6% (excl. acquisitions)

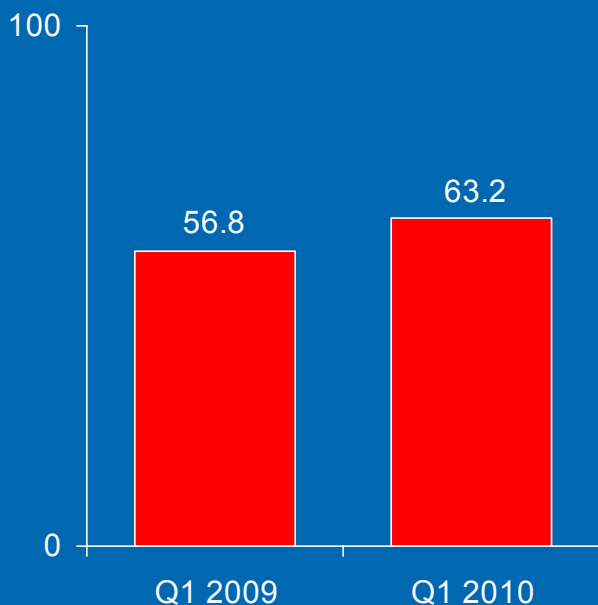
## Net Revenues

+17.8 %  
+2.3 % (excl. curr & acq)

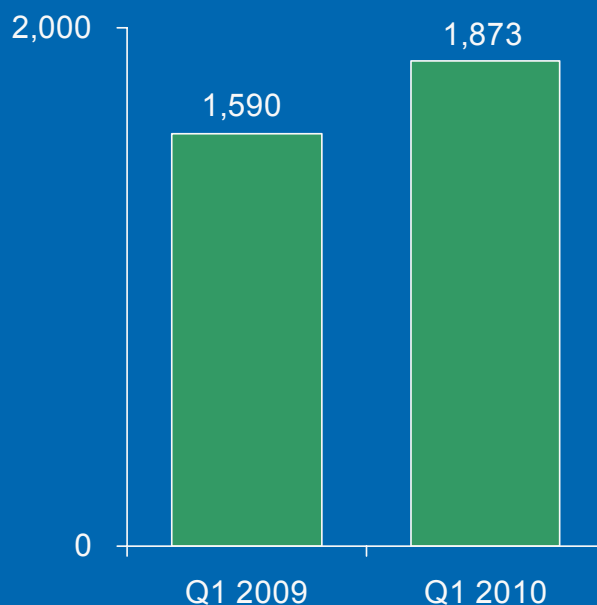
## Operating Companies Income

+9.5 %  
(2.0) % (excl. curr & acq)

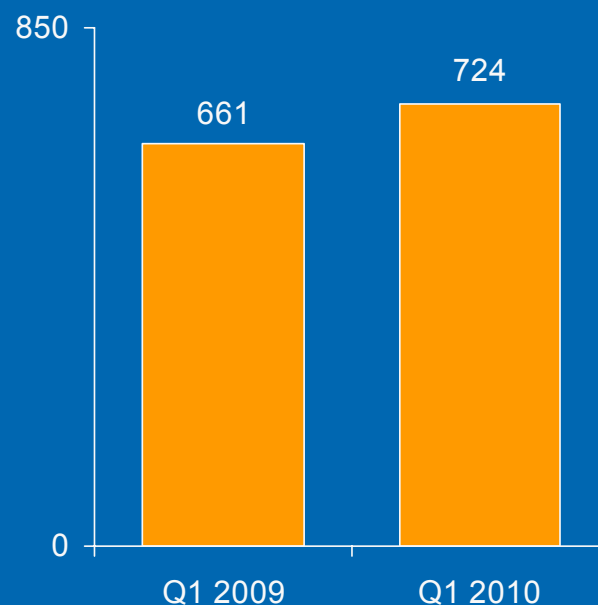
(billion units)



(\$ million)



(\$ million)

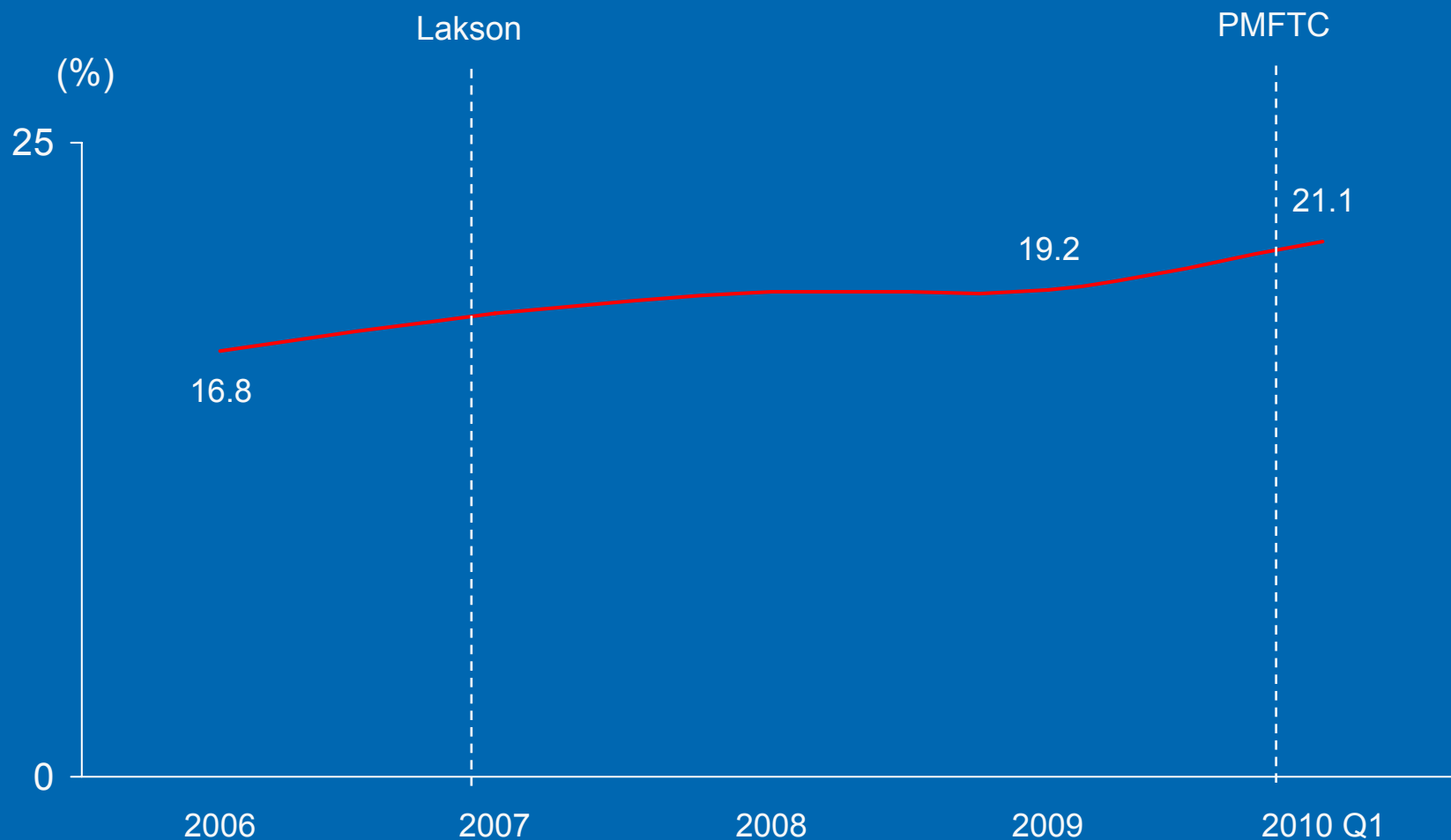






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# PMI Regional Market Share



Note: PMI market share includes FTC contribution in the Philippines in Q1, 2010. Asia excludes PRC, North Korea and Myanmar

Source: PMI estimates

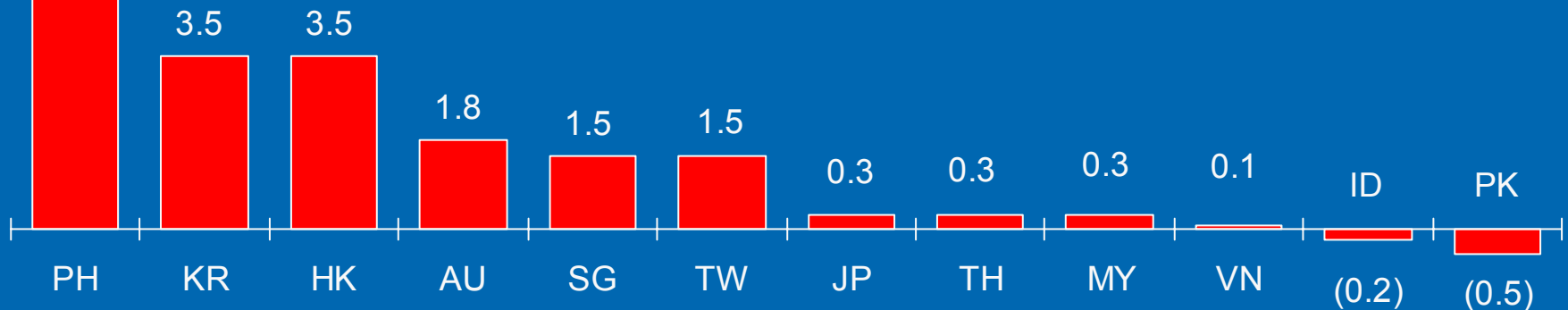


# Regional Market Share Changes in Q1, 2010

Impact from  
Business  
Combination

7.1

Share growth in the majority of markets in Q1



## 2010 Q1 SoM

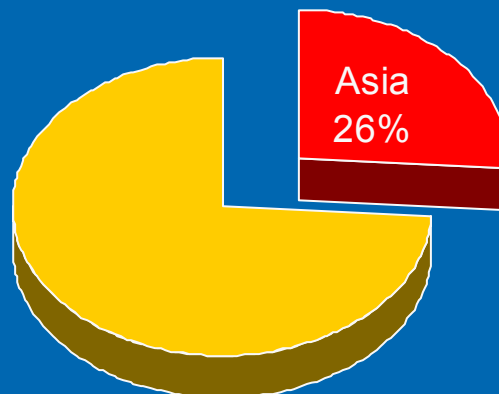
PH	KR	HK	AU	SG	TW	JP	TH	MY	VN	ID	PK
39.9	17.4	53.3	39.8	48.1	7.0	24.2	20.4	14.5	0.9	28.8	41.6



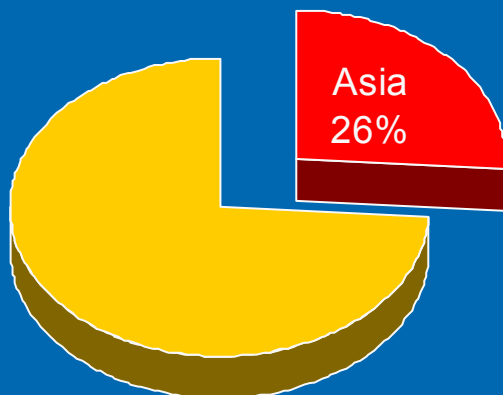
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# Asia Region Contribution to 2009 PMI Results

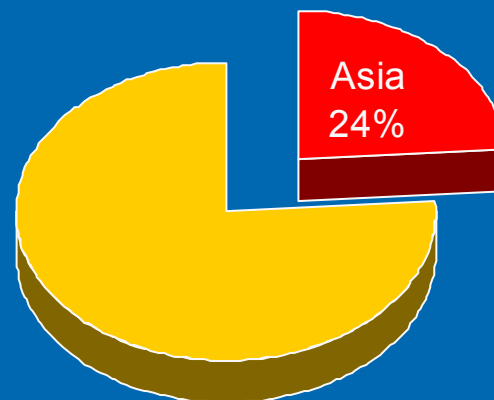
Cigarette Shipment Volume



Net Revenues



Operating Companies Income





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# Strategic Priorities

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- *Marlboro* and the new architecture
- Innovation pipeline



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# Strategic Priorities

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- *Marlboro* and the new architecture
- Innovation pipeline
- Regulatory and fiscal environments



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# Strategic Priorities

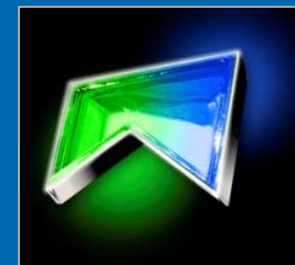
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- *Marlboro* and the new architecture
- Innovation pipeline
- Regulatory and fiscal environments
- Investing for growth:
  - Philippines
  - India

# Marlboro Architecture



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# Marlboro Black Menthol



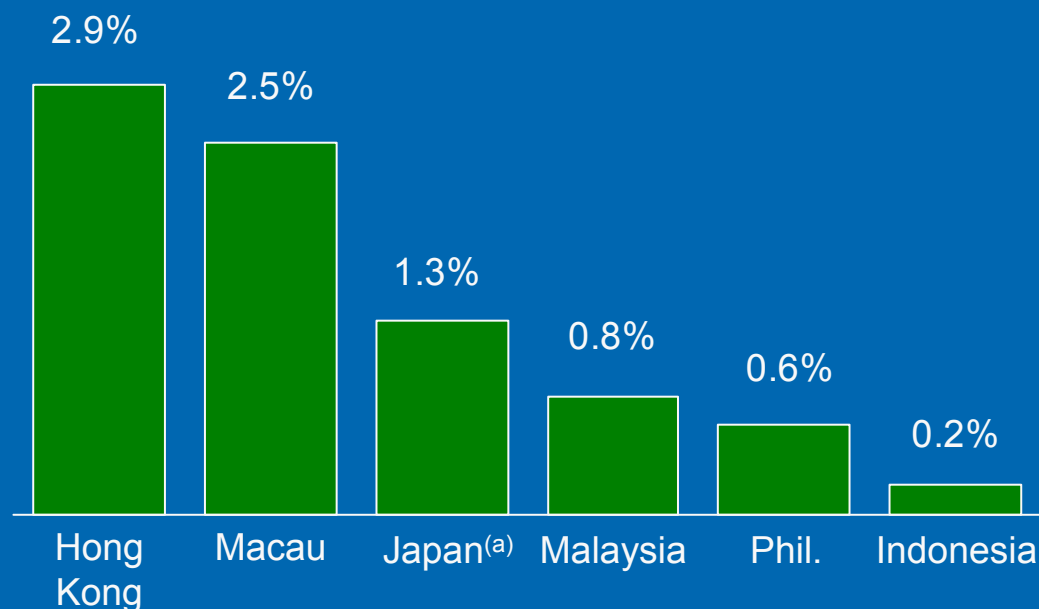
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喫煙は、あなたにとって肺がんの原因の一つとなり、心筋梗塞・脳卒中の危険性や肺気腫を悪化させる危険性を高めます。  
未成年者の喫煙は、健康に対する悪影響やたばこへの依存をより強めます。周りの人から勧められても決して吸ってはいけません。  
妊娠中の喫煙は、胎児の発育障害や早産の原因の一つとなります。



Marlboro Black Menthol Share of Market (%)  
Q1, 2010



*Marlboro Black Menthol* launched across Asia

(a) Includes the performance of *Marlboro Black Menthol One*

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



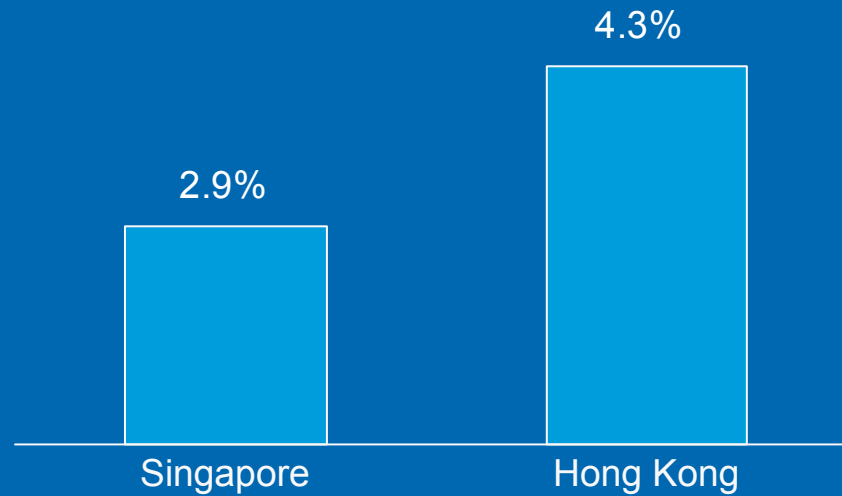
# Marlboro Ice Blast



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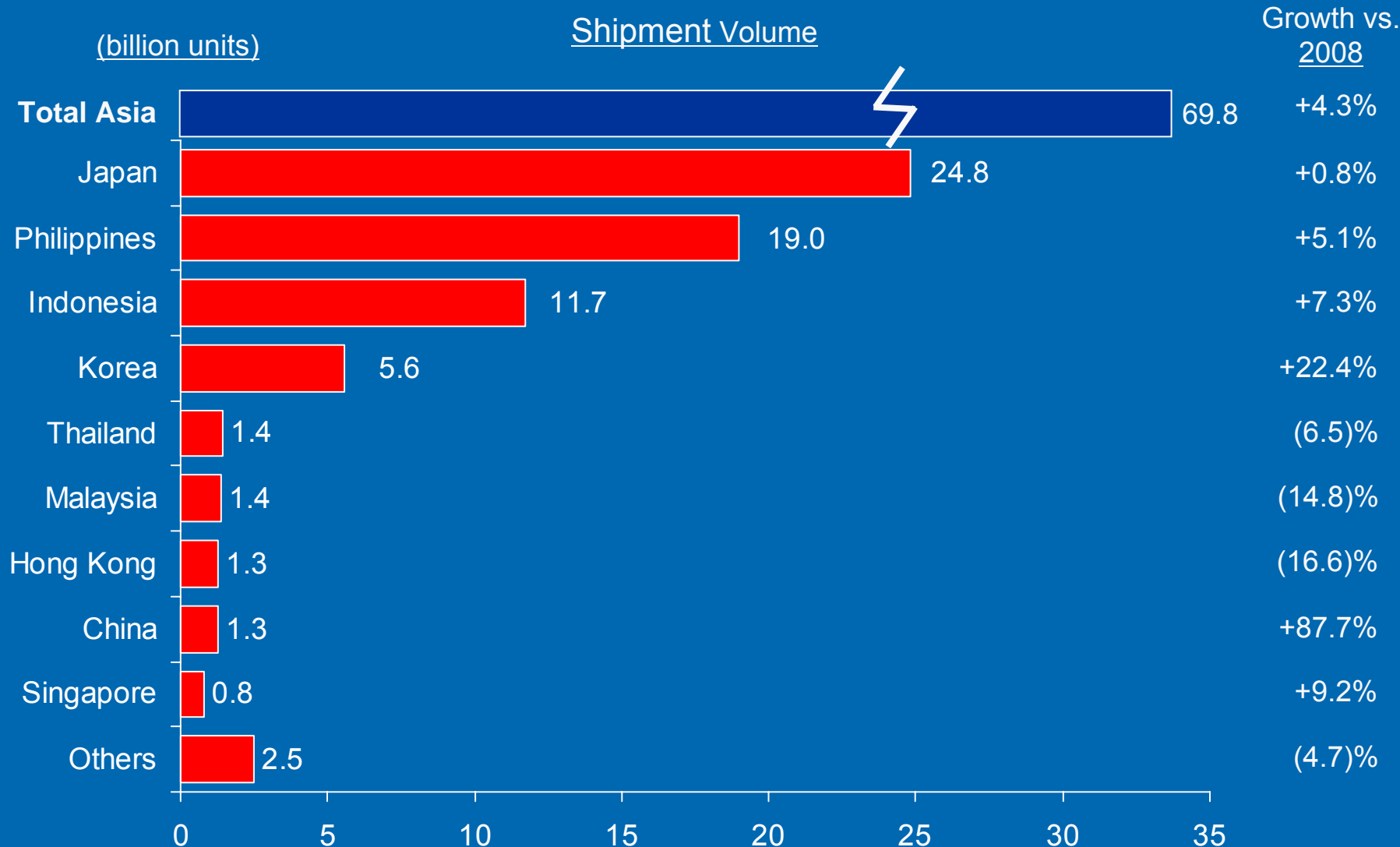
Marlboro Ice Blast SoM (%)  
April 2010





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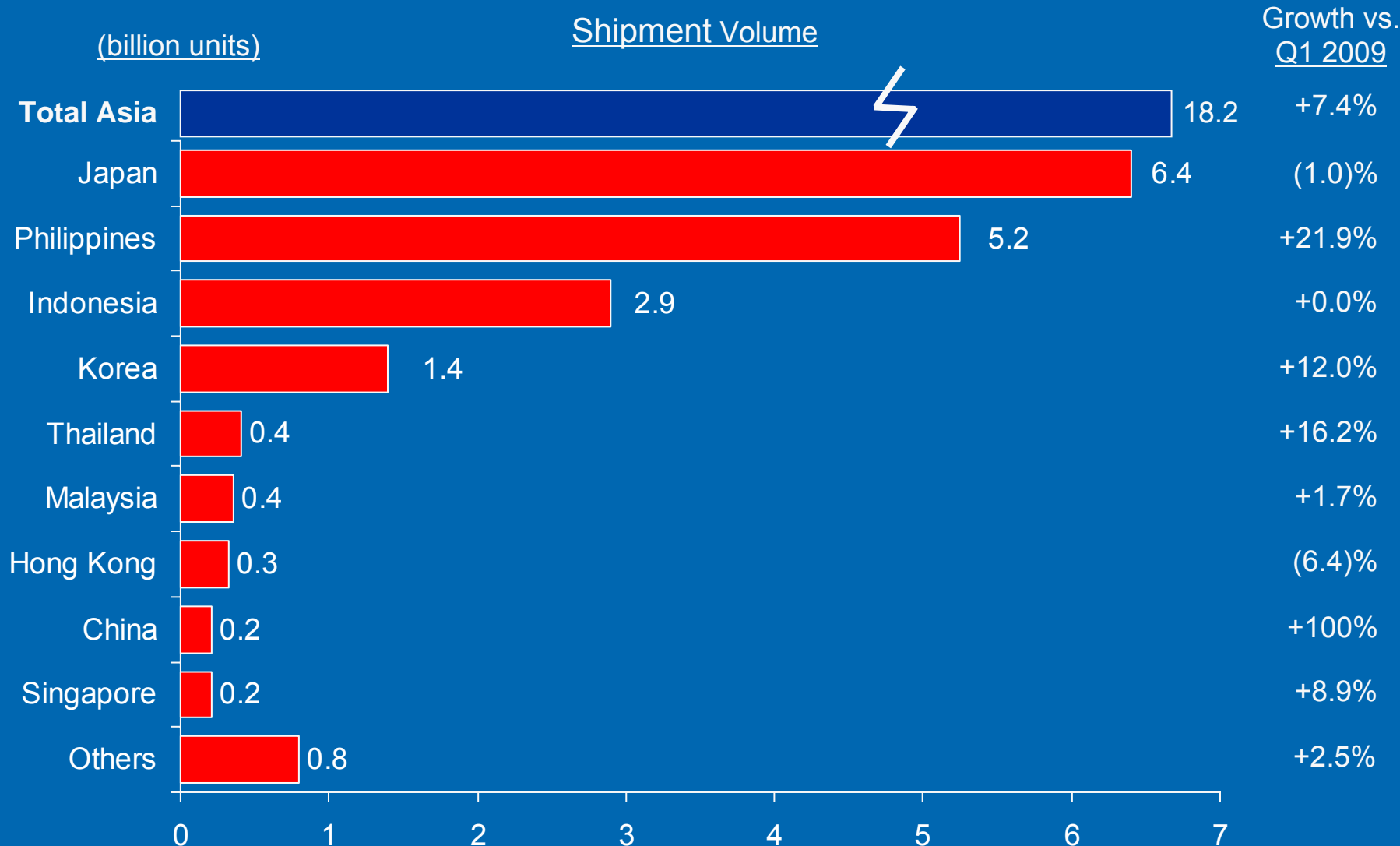
# Marlboro Performance 2009





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# Marlboro Performance Q1, 2010



- Sizeable but declining market:
  - 25% smoking incidence
  - Average consumption of 20 cigarettes / day
  - Aging population
- Strong and balanced portfolio across the main price segments
- Continued innovation pipeline
- Strong *Marlboro* share growth momentum
- Pricing freedom key to increasing profitability

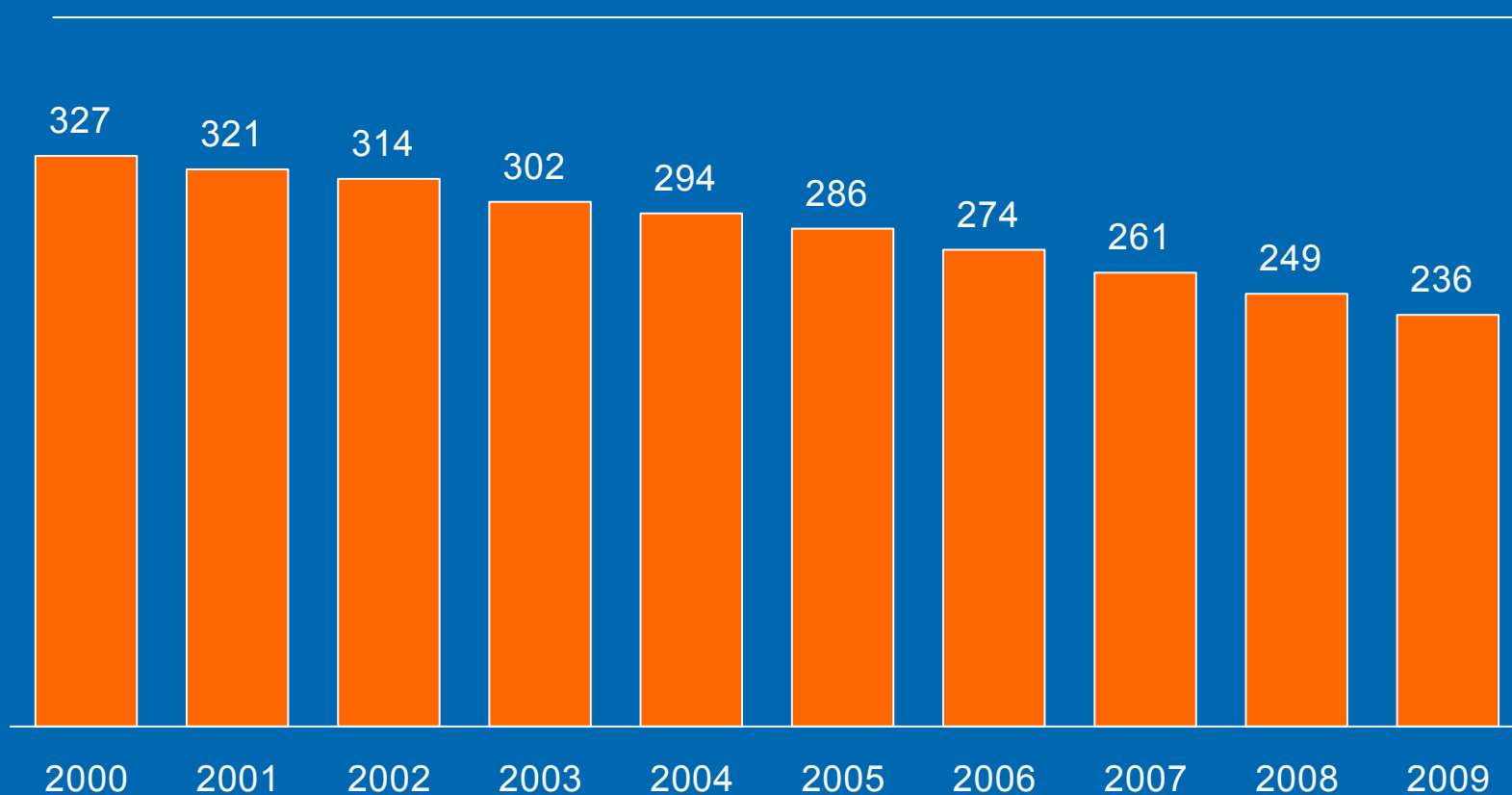


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# Japan – Industry Volume

(billions units)

2000-2009 CAGR = (3.6)%





# Japan – Taxation and Pricing

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- 40% excise tax increase unprecedented
- Significant market contraction anticipated
- Based on JT's price submission to the Ministry of Finance, significant unit margin increases expected for the industry



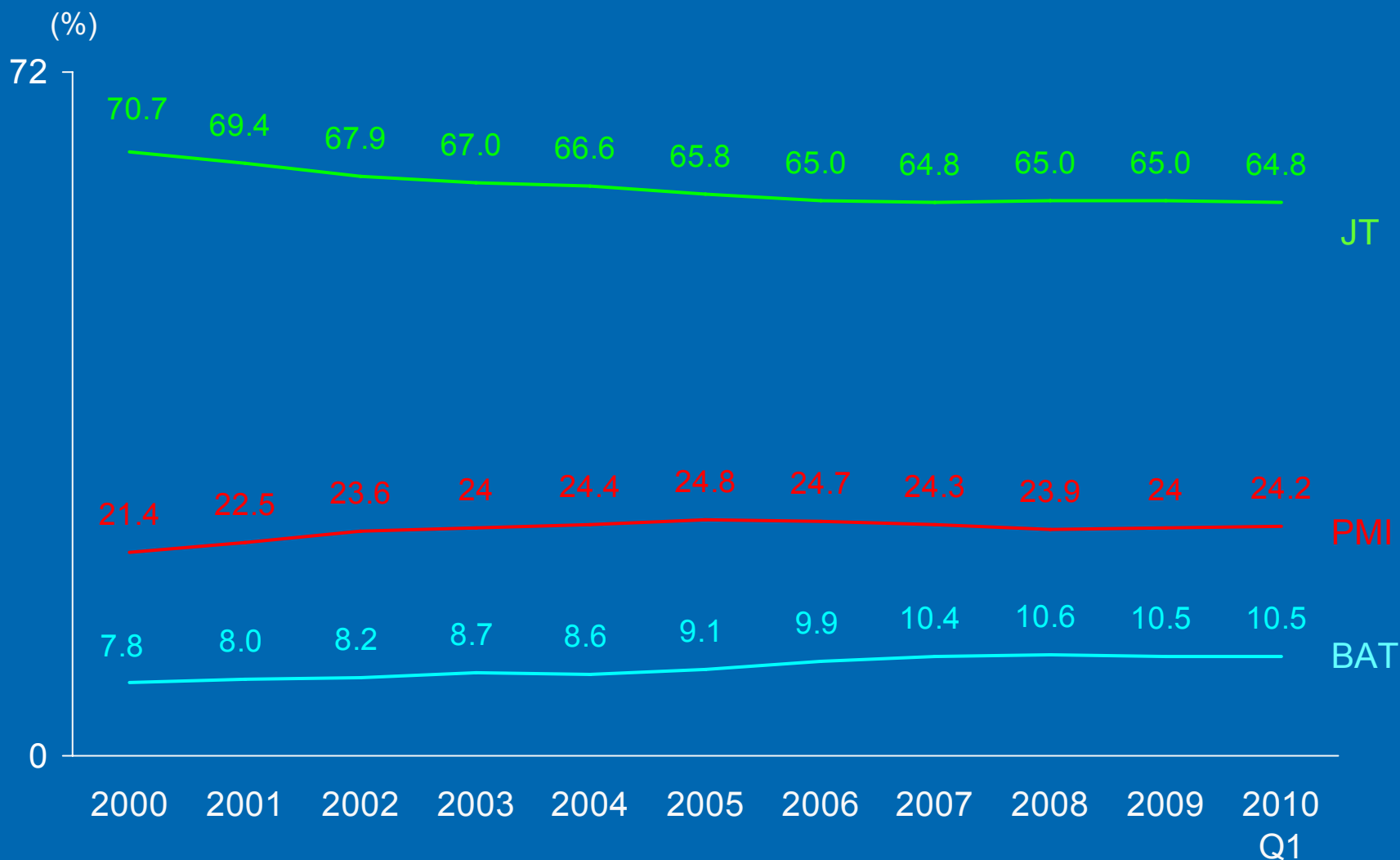
# Japan – Taxation and Pricing

- 40% excise tax increase unprecedented
- Significant market contraction expected
- Based on JT price submission to MOF, significant unit margin increases expected for the industry
- Ministry of Finance approved PMJ's request to increase prices in June:
  - Important step towards ultimately obtaining complete pricing freedom in market
  - Decision not to implement due to competitive situation
- Key objective for PMJ is to unlock pricing potential:
  - Improve margins and profitability



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# Japan – Market Shares

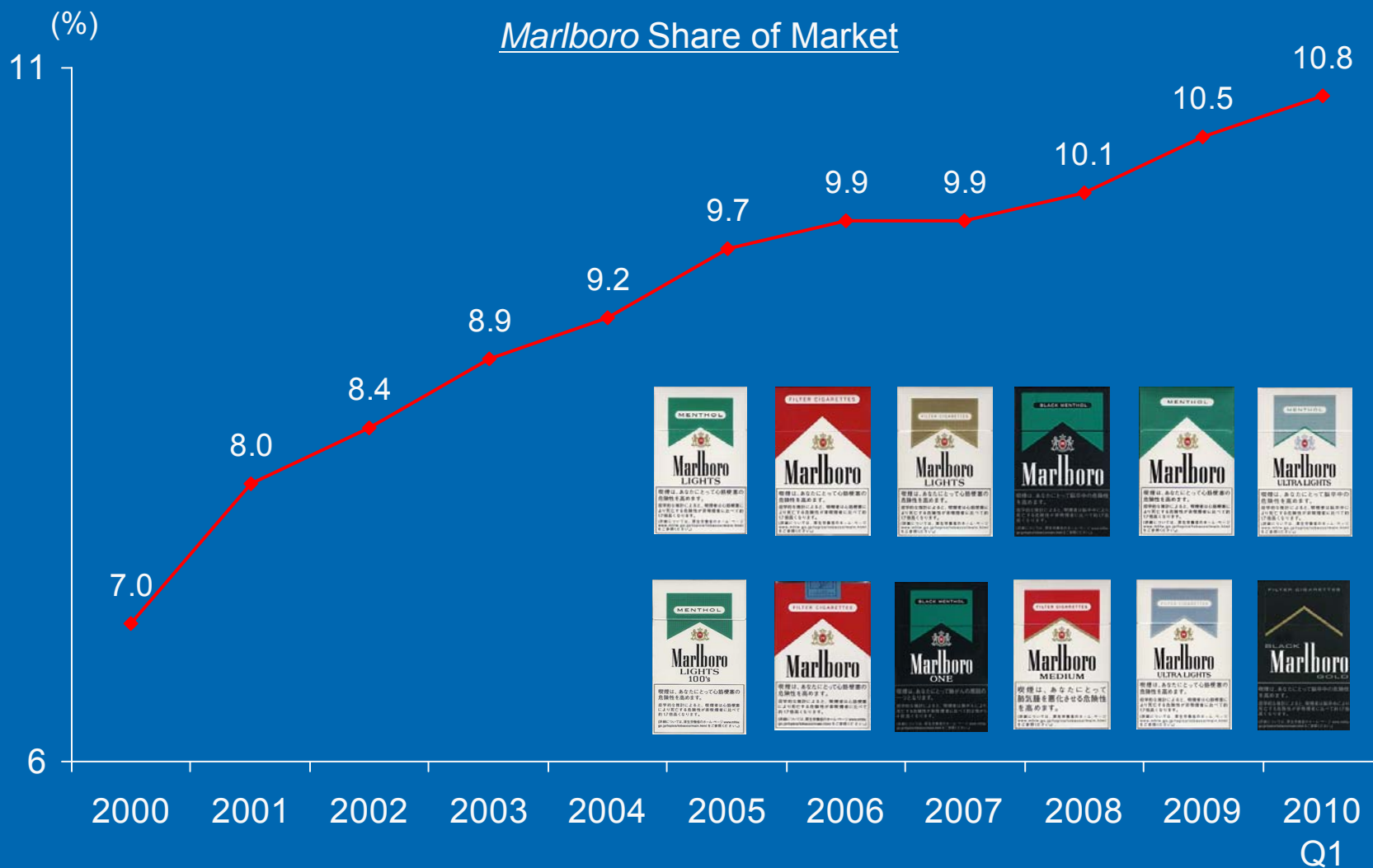




# Japan – Marlboro



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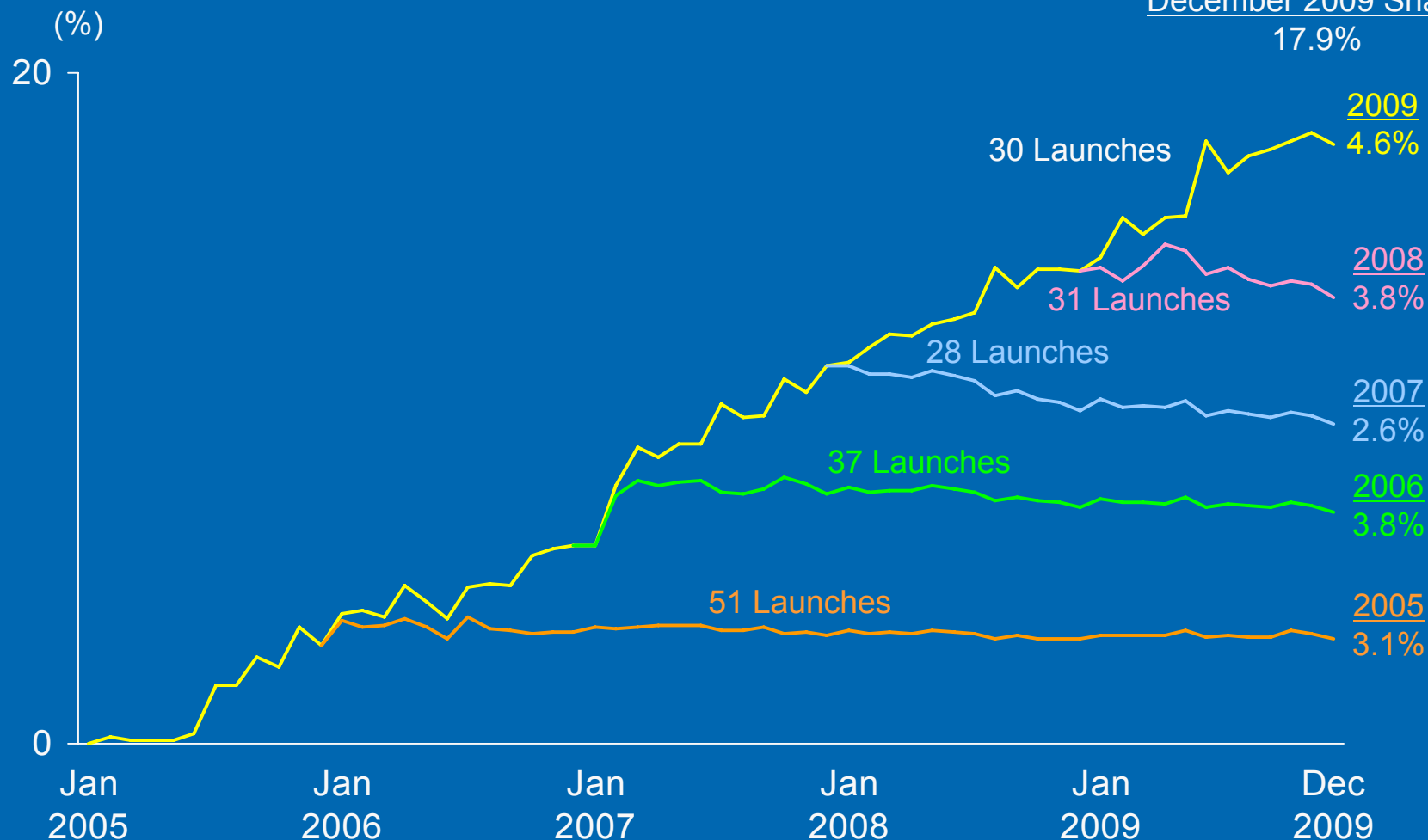




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# Japan – New Brand Introductions

December 2009 Share:  
17.9%



Highly Competitive Marketplace



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# Japan – Recent PMJ Launches

- PMJ launched attractive new offerings
- Cumulative market share of PMI's 2009 launches April 2010 YTD: 1.7%



Positive consumer response to PMI's innovative product offerings



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# Australia

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- 25% excise tax increase effective April 30, 2010
- Plain packaging initiative announced by government
- Continue to engage government and relevant stakeholders



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# Australia – Market Shares

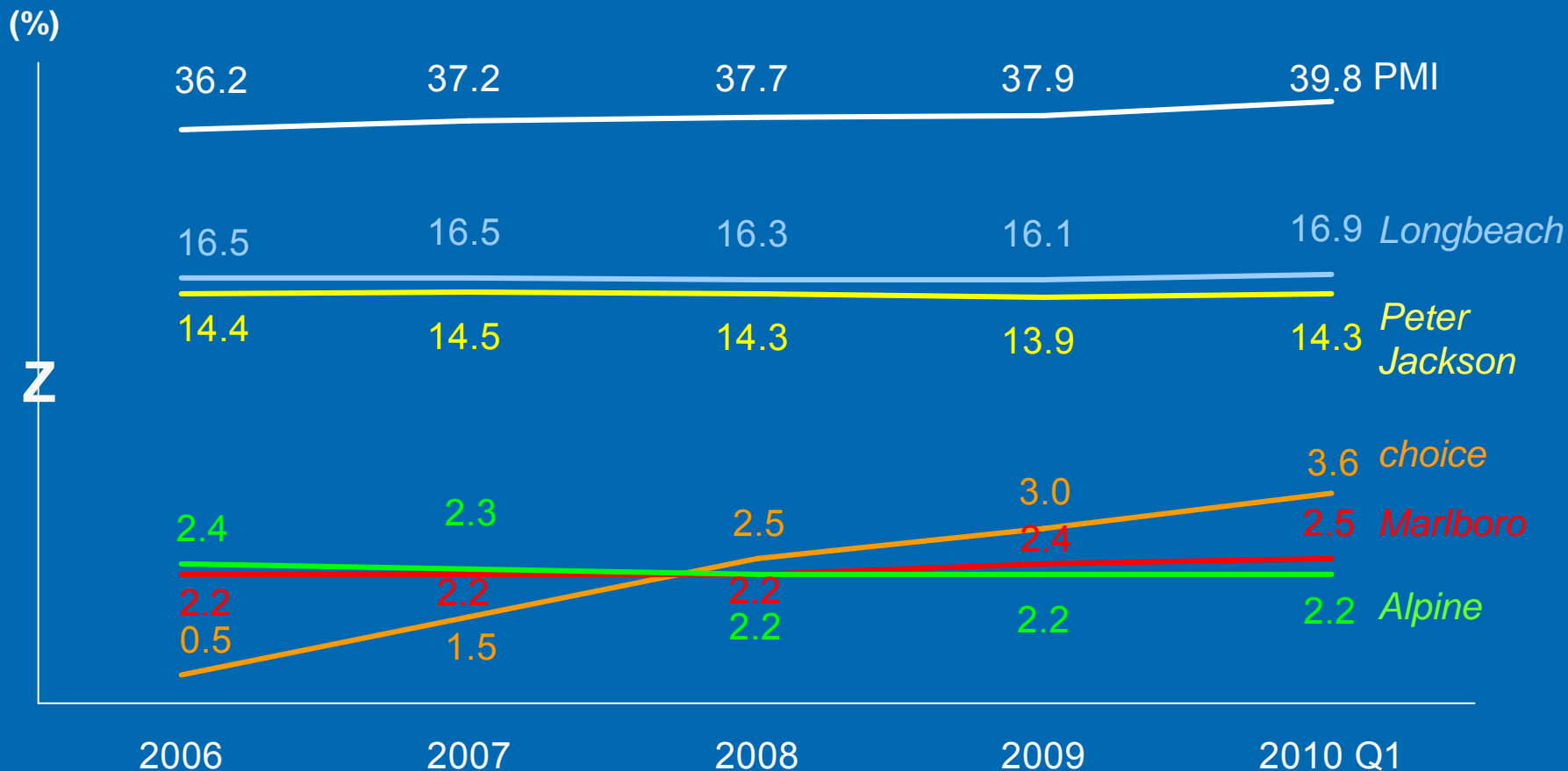


Business performing well



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# Australia – PMI Brand Shares





# Indonesia

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- Sampoerna continues to be the market leader
- Strong and balanced portfolio:
  - *A Mild* the leading franchise since Q1, 2009
  - Number of other strong local offerings
- Record *Marlboro* volume in 2009
- Continued industry growth

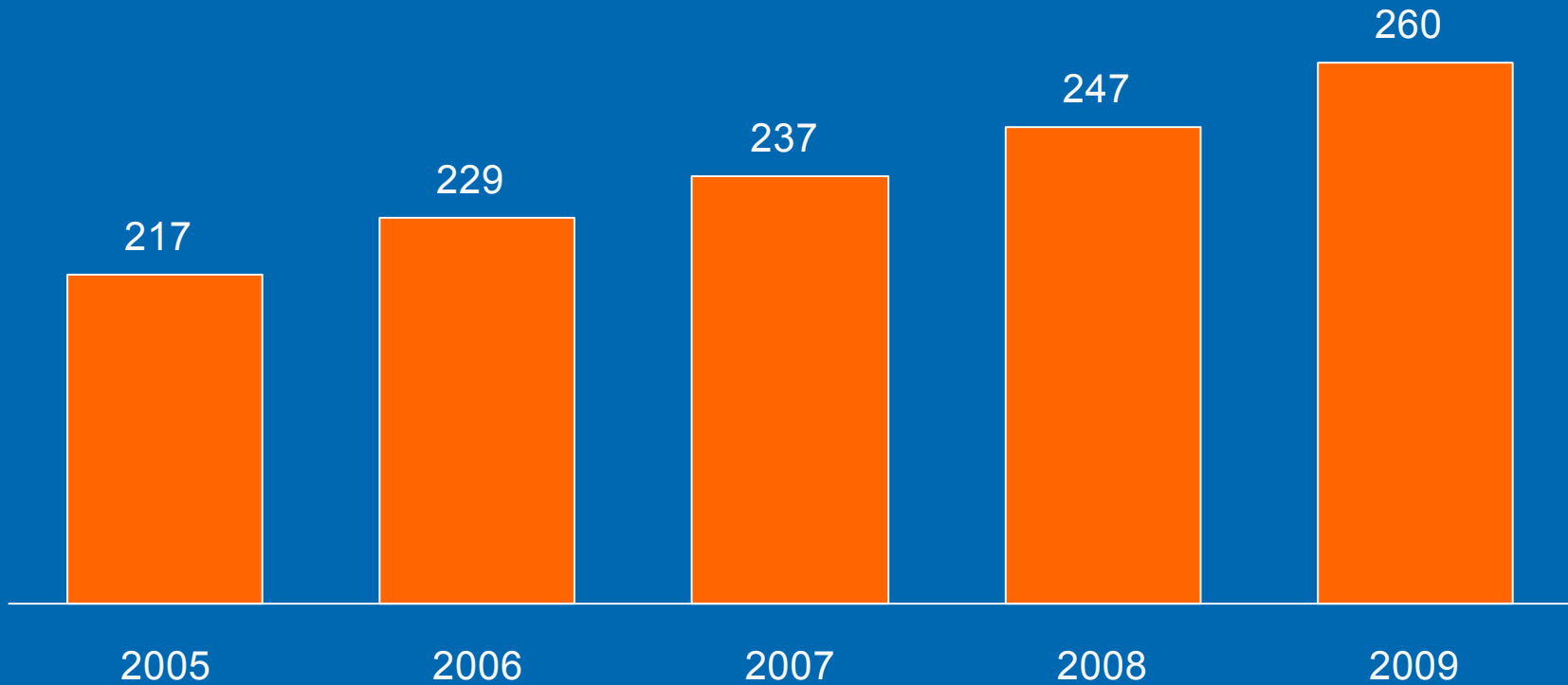


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# Indonesia – Industry Volume

(billion units)

2005-2009 CAGR = 4.6%

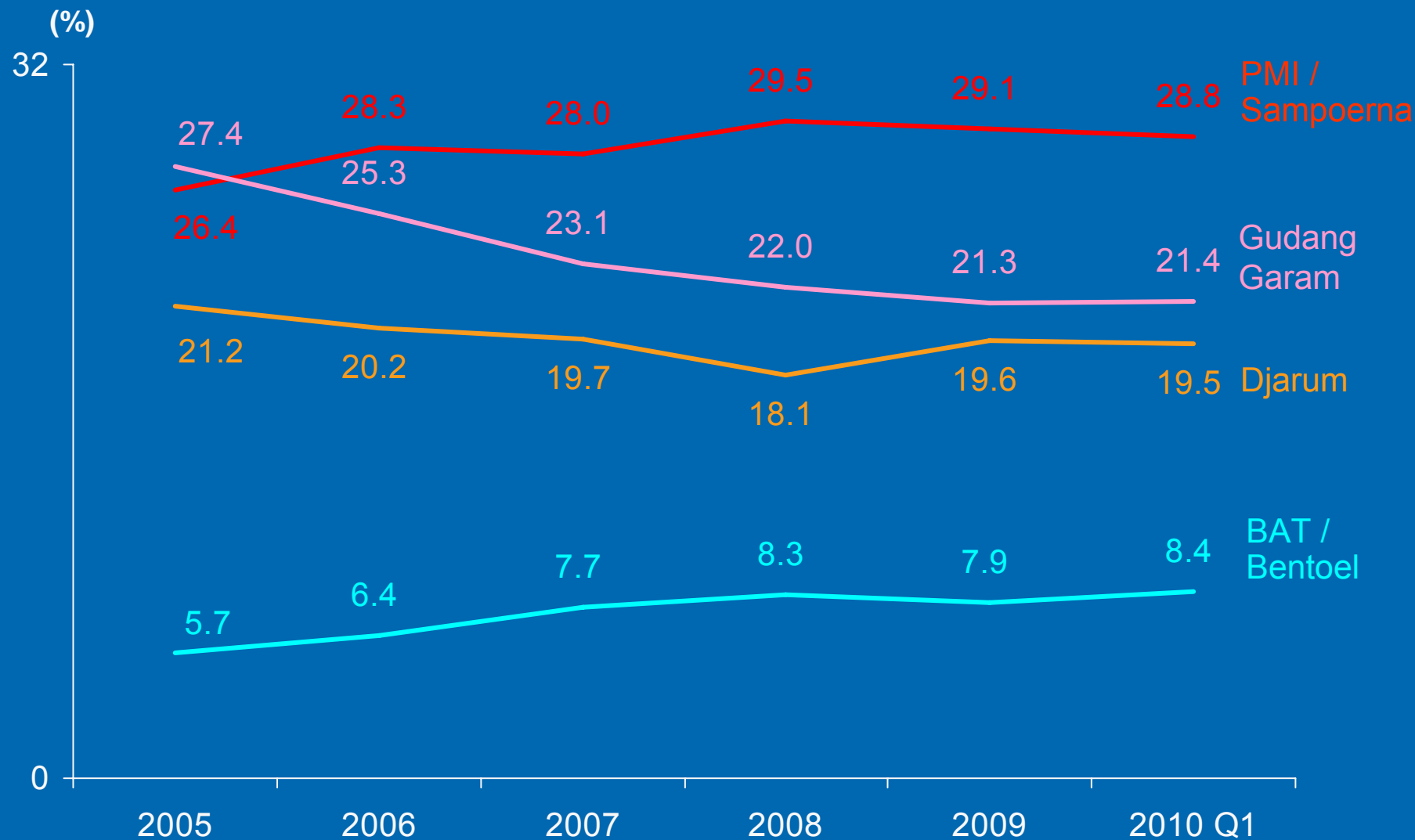






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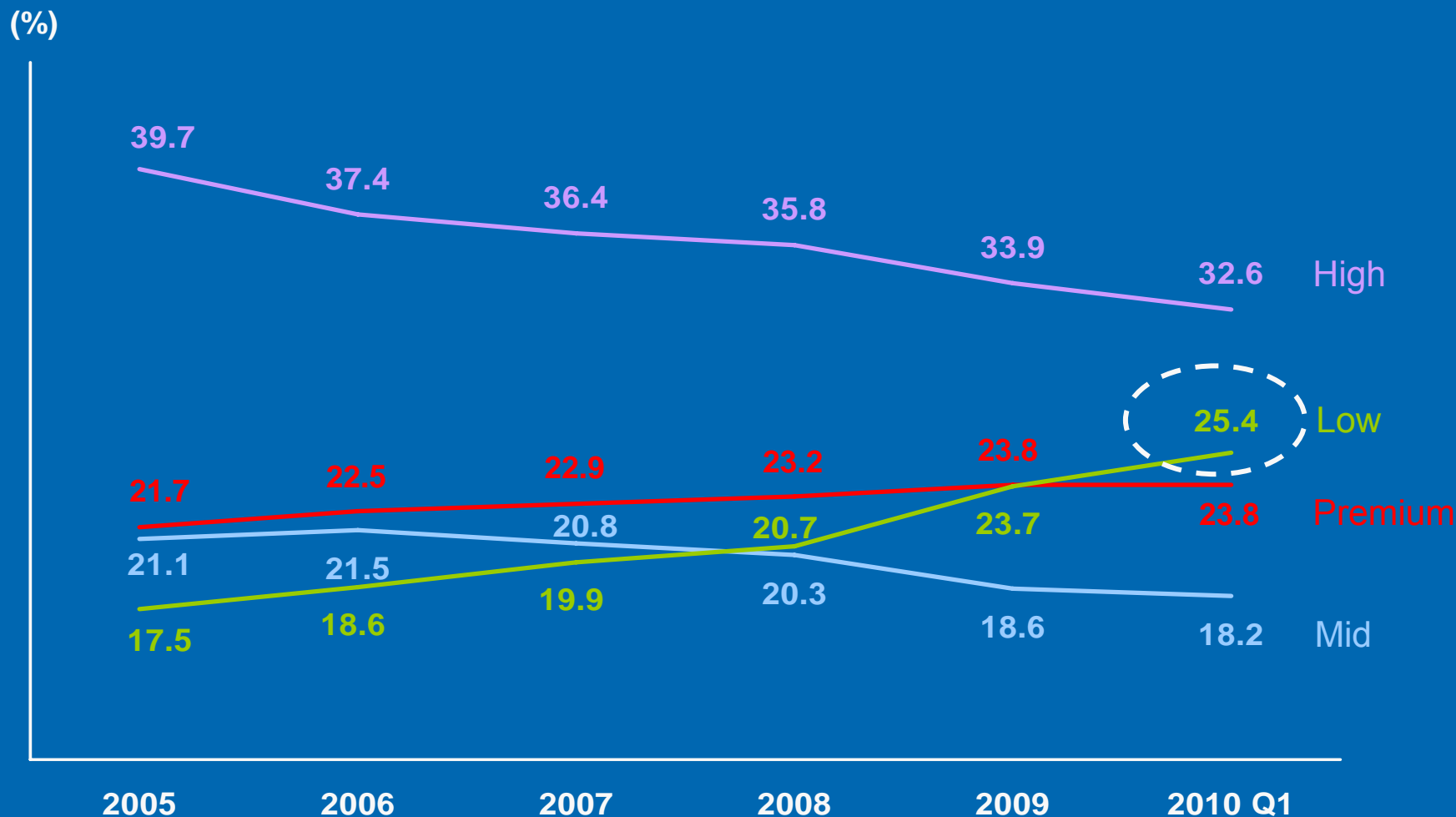
# Indonesia – Market Shares





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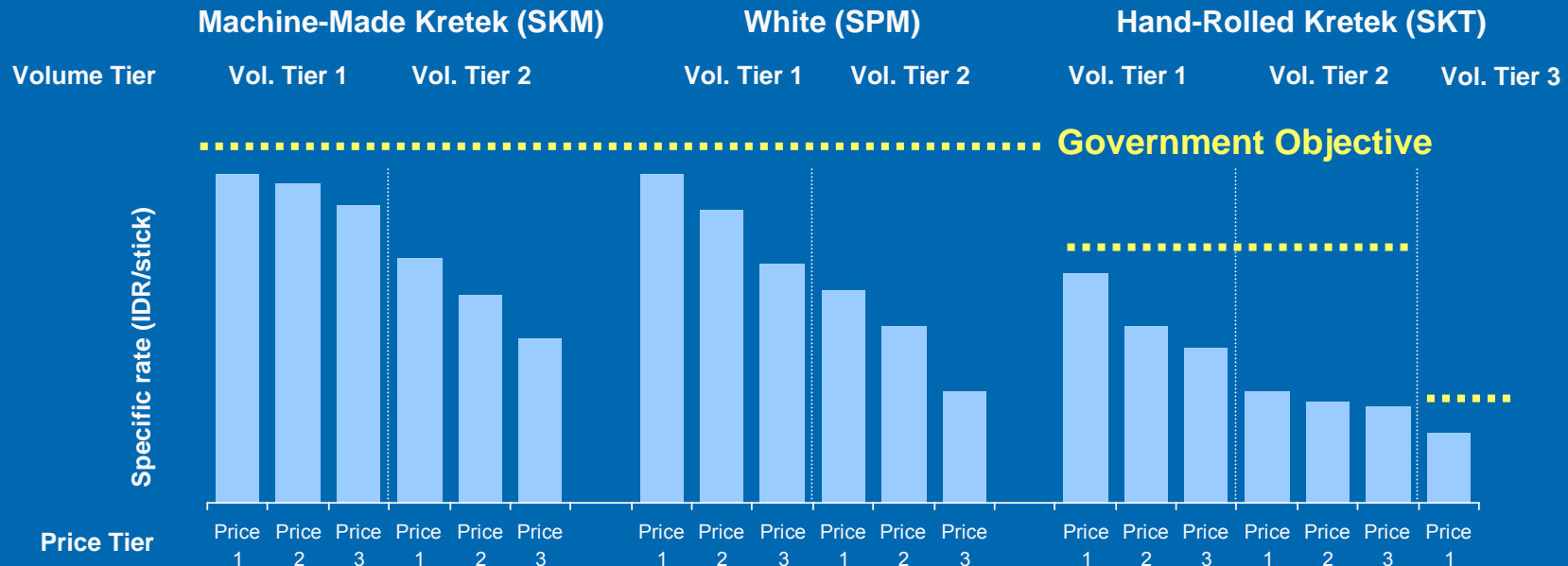
# Indonesia – Price Segmentation



Low-price segment continues to grow

# Indonesia – Excise Tax Structure

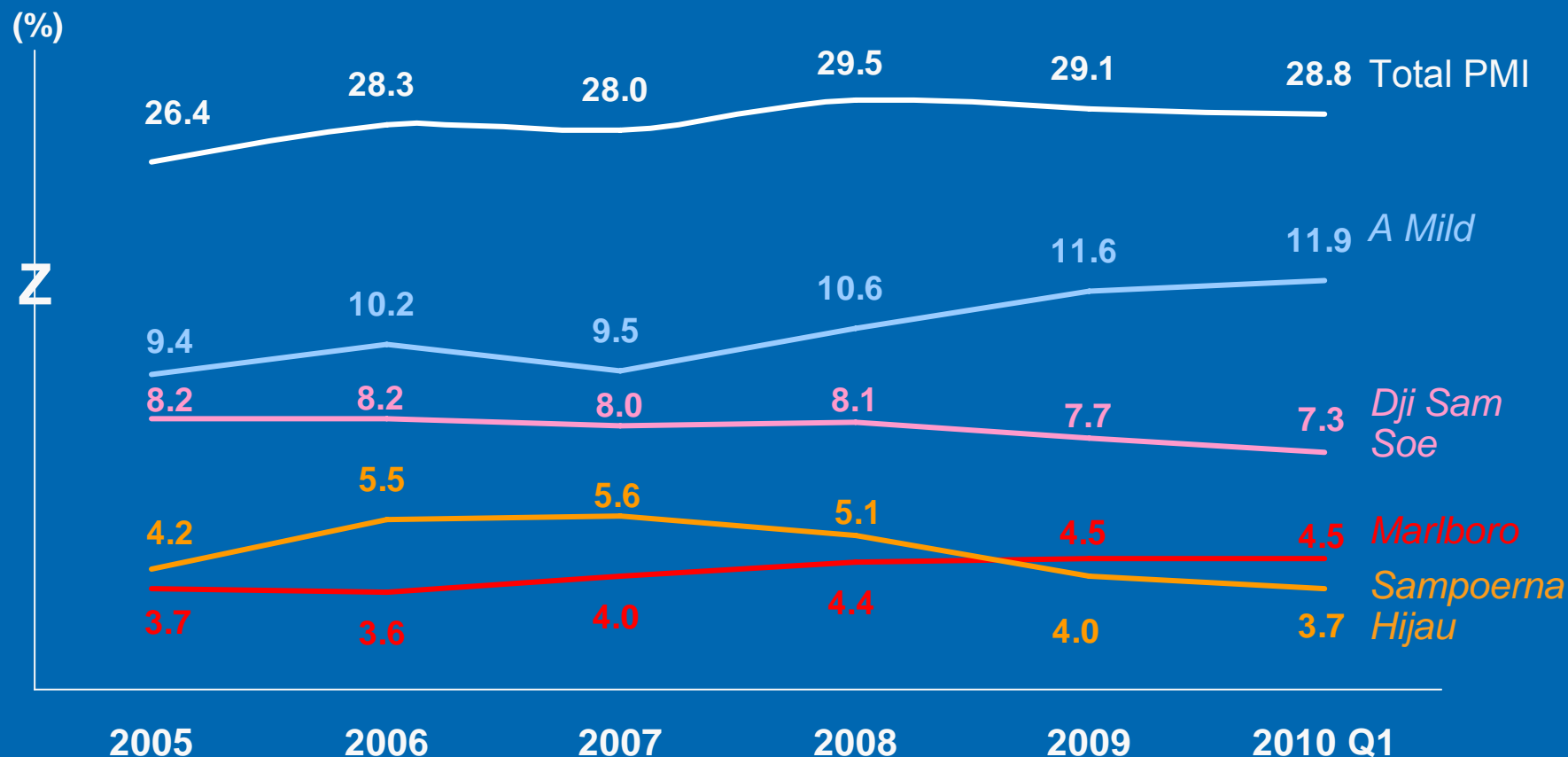
- Follow Government “Industry Roadmap”
- Further simplify current multi-tier structure
- Maintain preferential tax treatment for hand-rolled products to protect employment





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# Indonesia – PMI Brand Shares

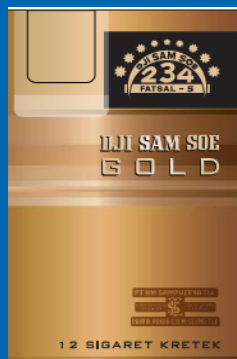




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# Indonesia – Recent Launches

## Premium



## Mid



## Low





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# Korea

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- Sizeable, uptrading and dynamic market
- Tremendous growth momentum



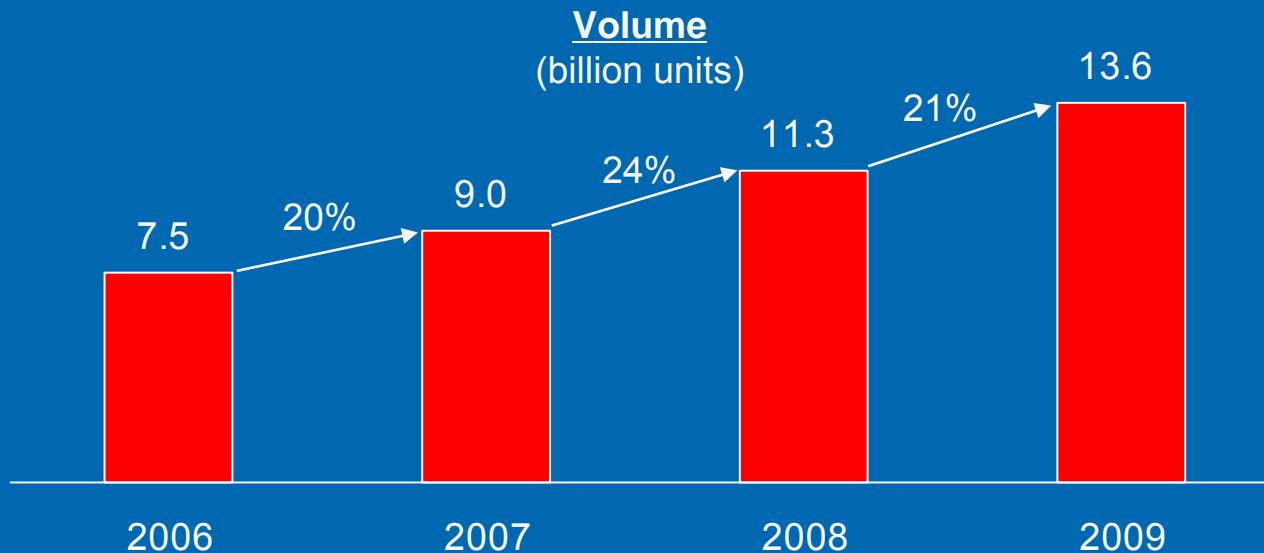
# Korea

- Sizeable, uptrading and dynamic market
- Tremendous growth momentum
- Strong and balanced portfolio:
  - *Marlboro*: No.1 brand in Legal Age (min.19) to 24
  - *Parliament*: Fastest growing brand in the market
  - *Virginia Slims*: > 50% of above premium segment



# Korea

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- Strong and balanced portfolio:
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  - *Virginia Slims*: > 50% of above premium segment

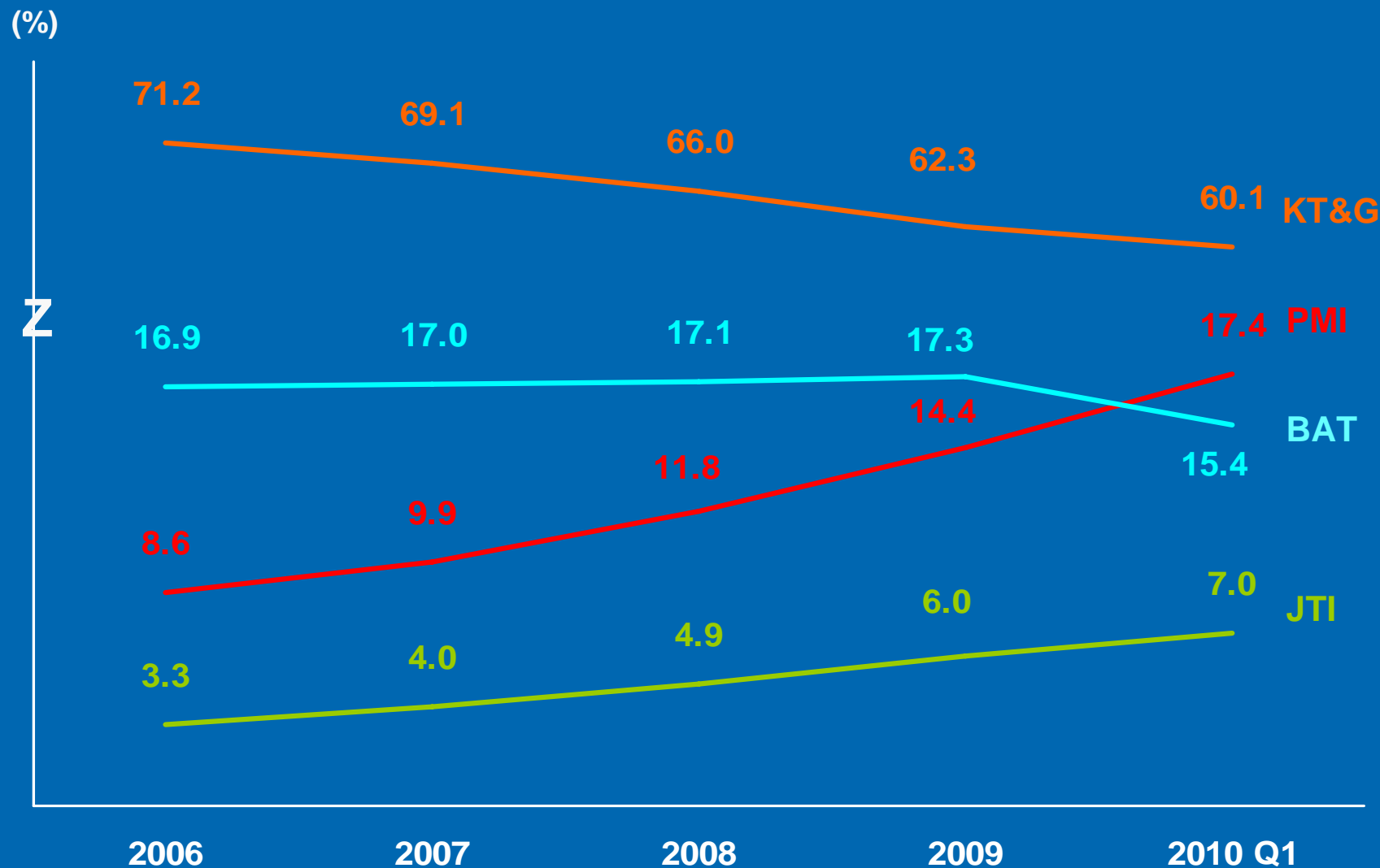






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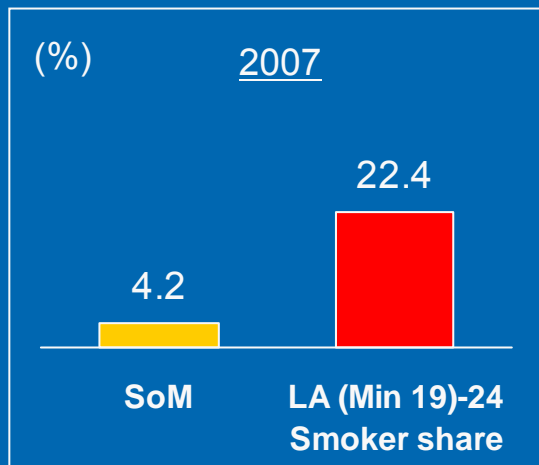
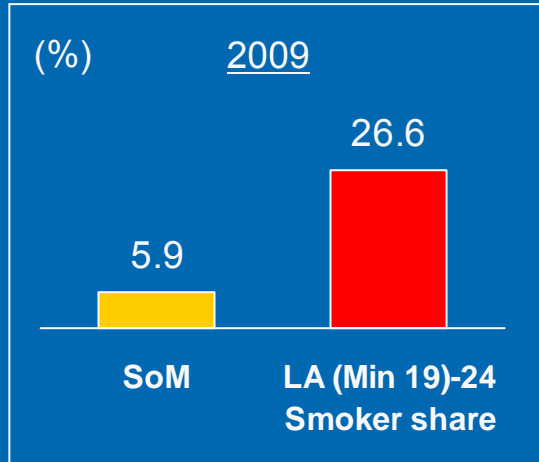
# Korea – Market Shares



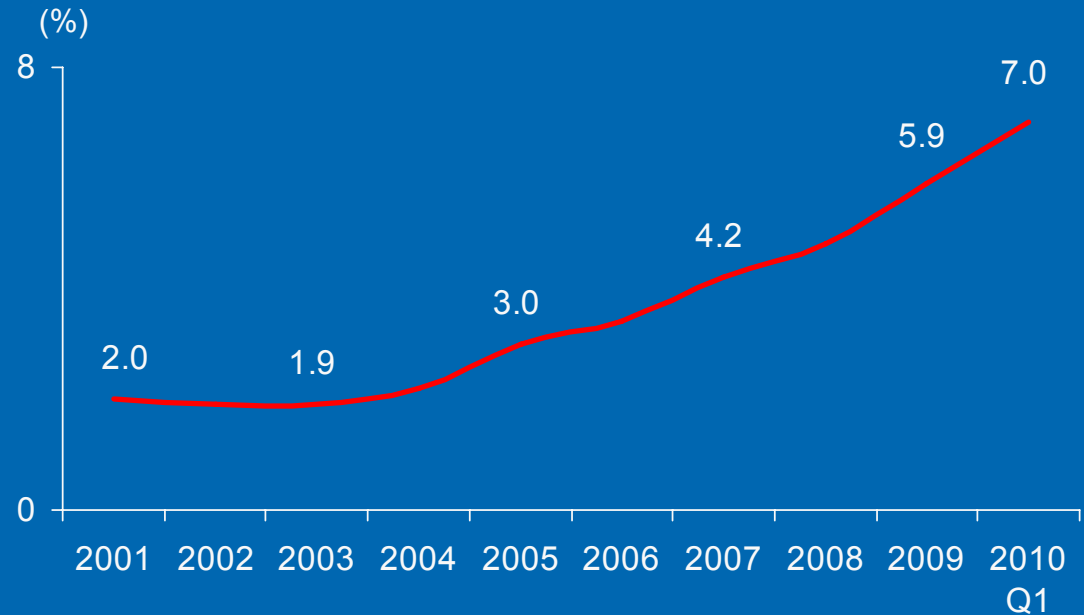


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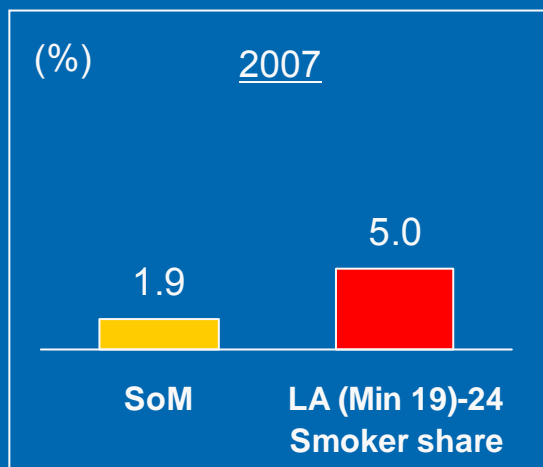
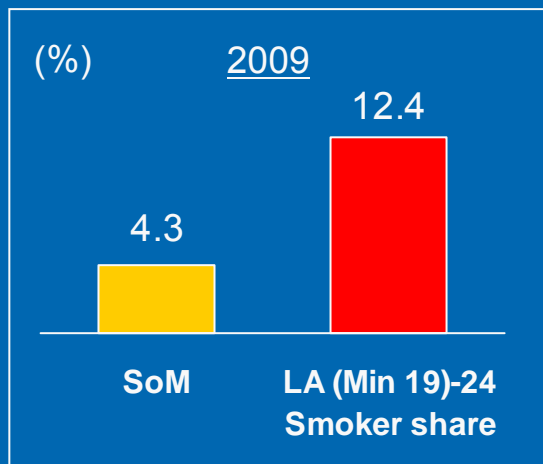
# Korea – Marlboro



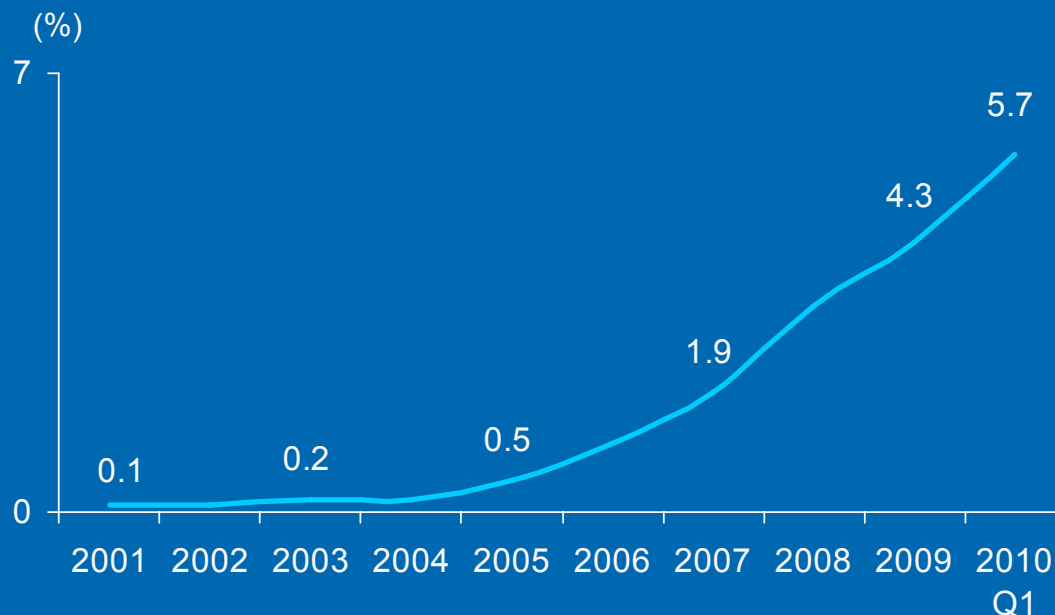
Marlboro Share of Market



# Korea – Parliament



Parliament Share of Market

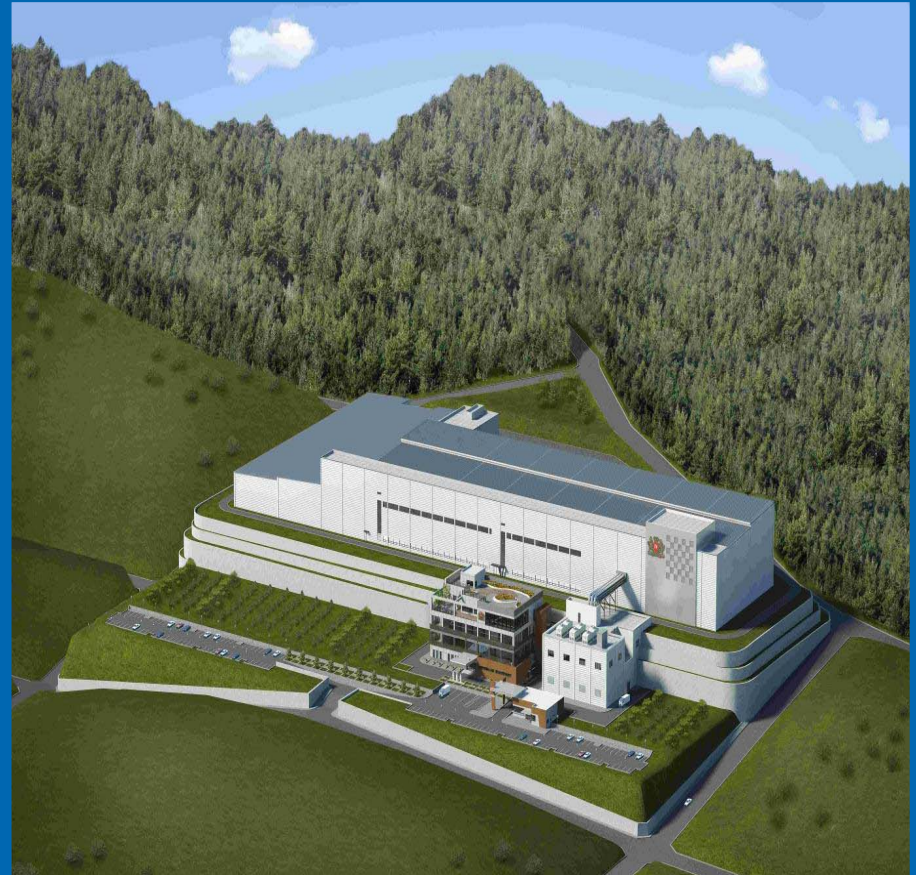




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# Korea – New Factory

- Support growth of portfolio
- Regulatory requirement for primary facility (tobacco processing) in Korea
- Factory to be fully operational in 2012





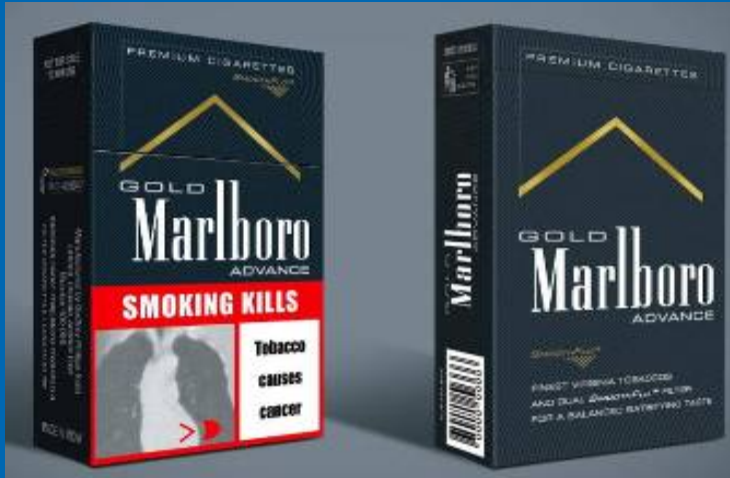
# India

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- World's second most populous country:
  - 1.2 billion people
- 100+ billion unit cigarette industry
- Joint venture with Godfrey Phillips India
  - Provides platform for PMI to continue growing business in one of the major cigarette markets in the world
  - Leverage each partner's strengths in order to continue introducing new products to the market



# India – Marlboro Gold Advance



TOBACCO CAUSES CANCER

TOBACCO CAUSES CANCER

**Retail Price:**  
 Marlboro Gold Advance 20s - Rs 98 per pack  
 Marlboro Gold Advance 10s - Rs 48 per pack  
 Consumer Selling Price - Rs 5 per stick

**SMOOTHFLO™ FILTER**

Smoothflo™ filter and carefully aged golden Virginia tobaccos ensure a naturally balanced taste. Unlike any other.

\*No deodorized tobacco used to prevent odor, bitter taste.

TOBACCO CAUSES CANCER

TOBACCO CAUSES CANCER



Catering to local taste preferences



# Philippines

- Continued population growth:
  - 90 million people
- 85 billion unit cigarette market in 2009
- Completed new business structure:
  - Announced on February 25, 2010
  - PMI management control and close cooperation with business partner
  - Synergies
  - Complementary product portfolios
- PMFTC Inc. market leader with over 90% share of market



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# Philippines – Brand Board

## PMFTC

## Others

Premium  
(27.6%)



21.9%  
SoM

5.7%  
SoM

Mid  
(17.8%)



7.1%  
SoM

1.9%  
SoM

1.0%  
SoM



3.8%  
SoM

0.3%  
SoM

Low  
(54.6%)



40.0%  
SoM

9.4%  
SoM

0.6%  
SoM



0.6%  
SoM





# Conclusion

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- Economic outlook for Asia remains positive
- Dynamic brands and strong portfolio via the new *Marlboro* architecture and other portfolio innovations
- Regulatory and fiscal regimes evolving rapidly and remain a challenge
- Business and organization well-positioned across the region in order to continue growth momentum



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2010  
INVESTOR DAY

## Investor Day – Asia 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

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- 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 %
<b>\$ 2,773</b>		<b>\$ 192</b>	<b>\$ 2,581</b>	<b>\$ 6</b>	<b>\$ 2,575</b>	<b>PMI Total</b>		<b>\$ 2,369</b>		<b>17.1 %</b>	<b>8.9 %</b>	<b>8.7 %</b>

# 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 %
<b>\$ 2,773</b>	<b>\$ -</b>	<b>\$ 2,773</b>	<b>\$ 192</b>	<b>\$ 2,581</b>	<b>\$ 6</b>	<b>\$ 2,575</b>	<b>\$ 2,369</b>	<b>\$ (1)</b>	<b>\$ 2,370</b>	<b>17.0 %</b>	<b>8.9 %</b>	<b>8.6 %</b>

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

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

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

(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	European Union	\$ 4,738	\$ (66)	\$ 4,804	(5.6)%	4.4 %	3.6 %	
2,663	-	2,663	(893)	3,556	18	3,538	EEMA	3,119	(1)	3,120	(14.6)%	14.0 %	13.4 %	
2,436	-	2,436	146	2,290	-	2,290	Asia	2,057	(14)	2,071	17.6 %	10.6 %	10.6 %	
666	(135) <sup>(1)</sup>	801	(162)	963	202	761	Latin America & Canada	520	(127) <sup>(2)</sup>	647	23.8 %	48.8 %	17.6 %	
\$ 10,271	\$ (164)	\$ 10,435	\$ (1,390)	\$ 11,825	\$ 260	\$ 11,565	PMI Total	\$ 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 %	
<b>\$ 10,271</b>	<b>\$ (1,390)</b>	<b>\$ 11,661</b>	<b>\$ 260</b>	<b>\$ 11,401</b>	<b>PMI Total</b>	<b>\$ 10,434</b>	<b>(1.6)%</b>	<b>11.8 %</b>	<b>9.3 %</b>	

# 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>
<b>Reported Diluted EPS</b>	<b>\$ 3.24</b>	<b>\$ 3.31</b>	<b>(2.1)%</b>
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	
<b>Adjusted Diluted EPS</b>	<b>\$ 3.29</b>	<b>\$ 3.31</b>	<b>(0.6)%</b>
Less:			
Currency Impact	(0.53)		
<b>Adjusted Diluted EPS, excluding Currency</b>	<b>\$ 3.82</b>	<b>\$ 3.31</b>	<b>15.4 %</b>

# 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) <sup>(1)</sup>	647	(4)	651	100	551	Latin America & Canada			514	(18)	532	21.6%	22.4%	3.6%
<b>\$ 10,434</b>	<b>\$ (208)</b>	<b>\$ 10,642</b>	<b>\$ 481</b>	<b>\$ 10,161</b>	<b>\$ 125</b>	<b>\$ 10,036</b>	<b>PMI Total</b>			<b>\$ 8,943</b>	<b>\$ (195)</b>	<b>\$ 9,138</b>	<b>16.5%</b>	<b>11.2%</b>	<b>9.8%</b>

(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%
<b>\$ 63,640</b>	<b>\$ 37,935</b>	<b>\$ 25,705</b>	<b>\$ 1,382</b>	<b>\$ 24,323</b>	<b>\$ 229</b>	<b>\$ 24,094</b>	<b>PMI Total</b>	<b>\$ 55,243</b>	<b>\$ 32,433</b>	<b>\$ 22,810</b>	<b>12.7%</b>	<b>6.6%</b>	<b>5.6%</b>

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)%
<b>\$ 10,434</b>			<b>\$ 481</b>	<b>\$ 9,953</b>	<b>\$ 125</b>	<b>\$ 9,828</b>	<b>PMI Total</b>	<b>\$ 8,943</b>			<b>16.7%</b>	<b>11.3%</b>	<b>9.9%</b>

# 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%
<b>\$ 48,302</b>	<b>\$ 27,533</b>	<b>\$ 20,769</b>	<b>\$ (340)</b>	<b>\$ 21,109</b>	<b>\$ 637</b>	<b>\$ 20,472</b>	<b>PMI Total</b>	<b>\$ 45,316</b>	<b>\$ 25,299</b>	<b>\$ 20,017</b>	<b>3.8%</b>	<b>5.5%</b>	<b>2.3%</b>

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+%		
<b>\$ 8,440</b>	<b>\$ (182)</b>	<b>\$ 8,622</b>	<b>\$ 232</b>	<b>\$ 8,390</b>	<b>PMI Total</b>	<b>\$ 7,820</b>	<b>7.9%</b>	<b>10.3%</b>	<b>7.3%</b>		



# 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 Acquisi- tions	Reported Operating Companies Income excluding Currency & Acquisitions				Reported Operating Companies Income	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%
<b>\$ 7,820</b>			<b>\$ 302</b>	<b>\$ 7,518</b>	<b>\$ 333</b>	<b>\$ 7,185</b>	<b>PMI Total</b>	<b>\$ 6,593</b>		<b>18.6%</b>	<b>14.0%</b>	<b>9.0%</b>

# 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
<b>EBITDA</b>	<b>\$ 8,380</b>	<b>\$ 2,938</b>	<b>\$ 11,318</b>	<b>\$ 10,893</b>
			<b>March 31, 2010</b>	<b>December 31, 2009</b>
Short-term borrowings			\$ 1,050	\$ 1,662
Current portion of long-term debt			151	82
Long-term debt			14,809	13,672
<b>Total Debt</b>			<b>\$ 16,010</b>	<b>\$ 15,416</b>
Less: Cash and cash equivalents			850	1,540
<b>Net Debt</b>			<b>\$ 15,160</b>	<b>\$ 13,876</b>
<u>Ratios</u>				
<b>Total Debt to EBITDA</b>			<b>1.41</b>	<b>1.42</b>
<b>Net Debt to EBITDA</b>			<b>1.34</b>	<b>1.27</b>

# 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
<b>EBITDA</b>	<b>\$ 7,618</b>	<b>\$ 2,725</b>	<b>\$ 10,343</b>
			March 31, 2008
Short-term borrowings			\$ 793
Current portion of long-term debt			104
Long-term debt			6,643
<b>Total Debt</b>			<b>\$ 7,540</b>
Less: Cash and cash equivalents			1,231
<b>Net Debt</b>			<b>\$ 6,309</b>
<u>Ratios</u>			
<b>Total Debt to EBITDA</b>			<b>0.73</b>
<b>Net Debt to EBITDA</b>			<b>0.61</b>

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



PHILIP MORRIS  
INTERNATIONAL

2010  
INVESTOR DAY

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**Investor Day – Asia Region**  
**Lausanne, June 23, 2010**