



PHILIP MORRIS
INTERNATIONAL

2010
INVESTOR DAY

Investor Day – EEMA Region Lausanne, June 23, 2010

Mirosław Zielinski

President, EEMA Region

Philip Morris International



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Agenda

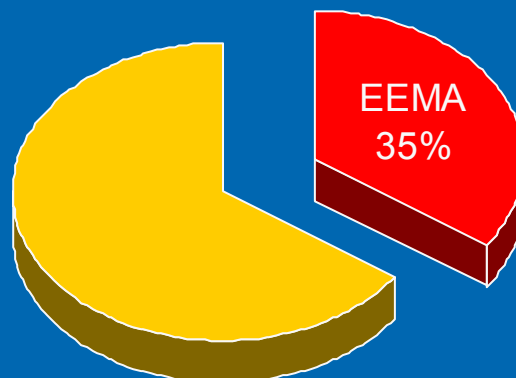
- EEMA Region at a glance
- Review of 2009 and Q1 2010 results
- Strategic priorities
- Key EEMA markets: highlights



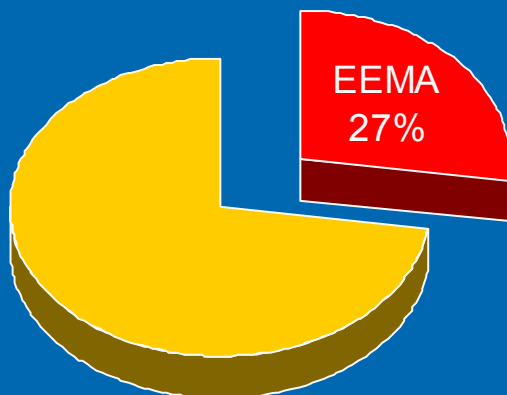
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EEMA Region Contribution to 2009 PMI Results

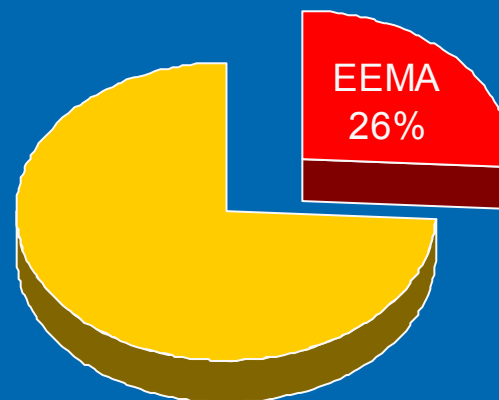
Cigarette Shipment Volume



Net Revenues



Operating Companies Income





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EEMA Region – Overview



PMI Factories

- St. Petersburg (Russia)
- Krasnodar (Russia)
- Kharkiv (Ukraine)
- Almaty (Kazakhstan)
- Izmir (Turkey)
- Bucharest (Romania)
- Nis (Serbia)
- Dakar (Senegal)
- Boksburg (South Africa)

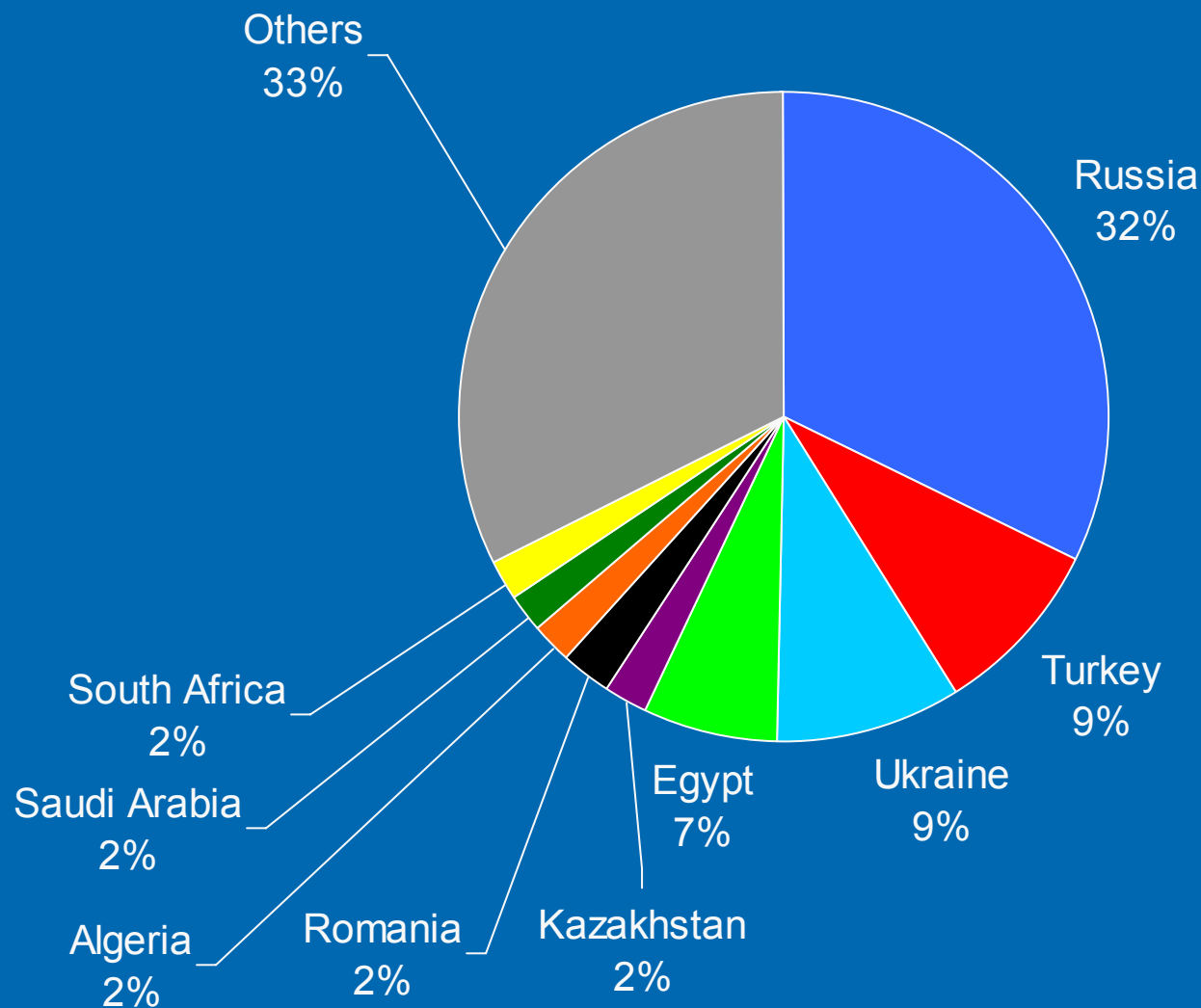
- 93 markets
- 1.3 billion population
- 1.2 trillion unit cigarette market^(a)
- 8 cigarette and 1 OTP factories
- 11,000+ employees

(a) Excluding Duty Free
Source: PMI estimates



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2009 Industry Volume by Market

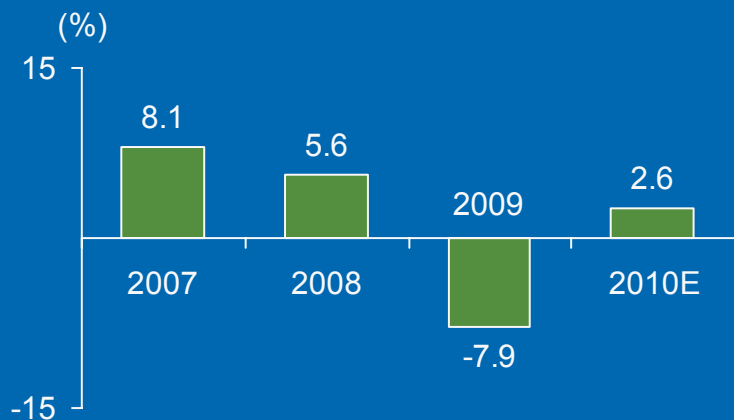


Source: PMI estimates, excluding Duty Free

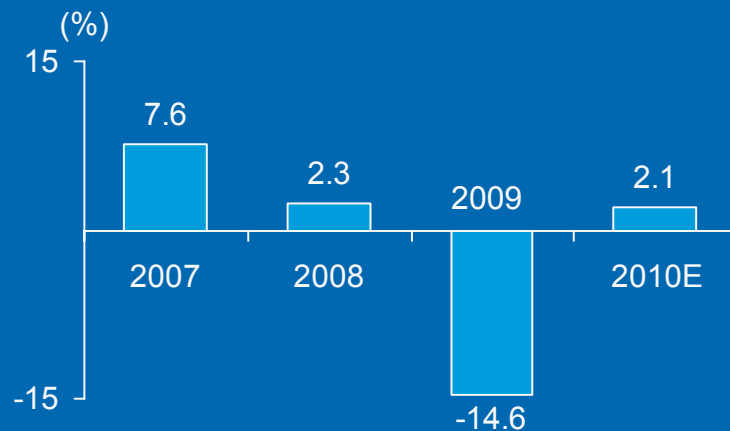


GDP Growth Rates

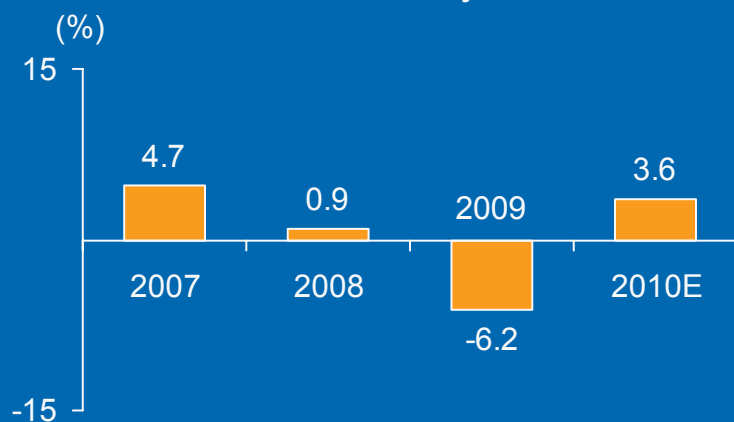
Russia



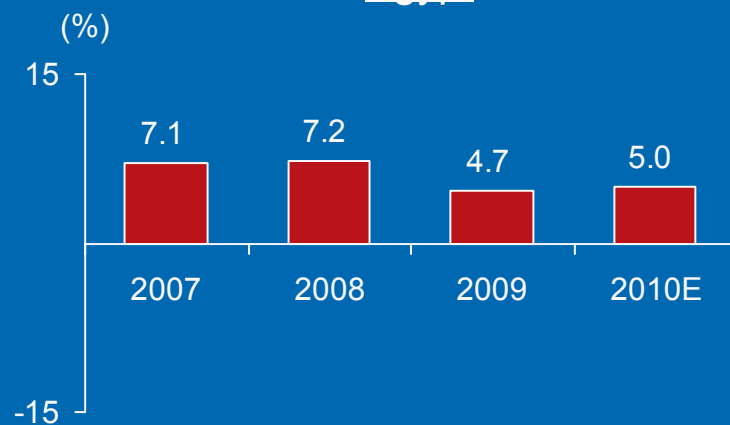
Ukraine



Turkey



Egypt

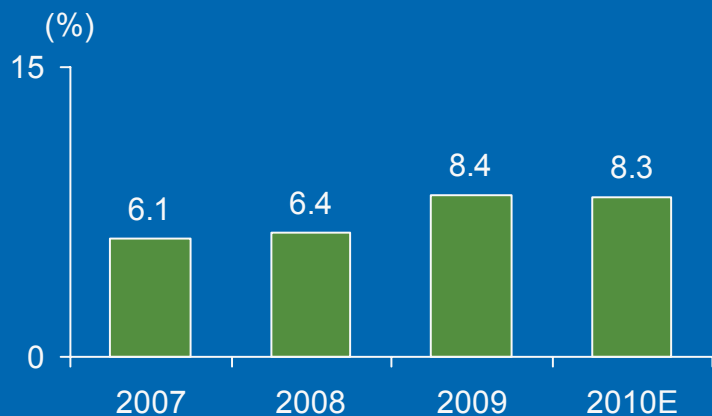




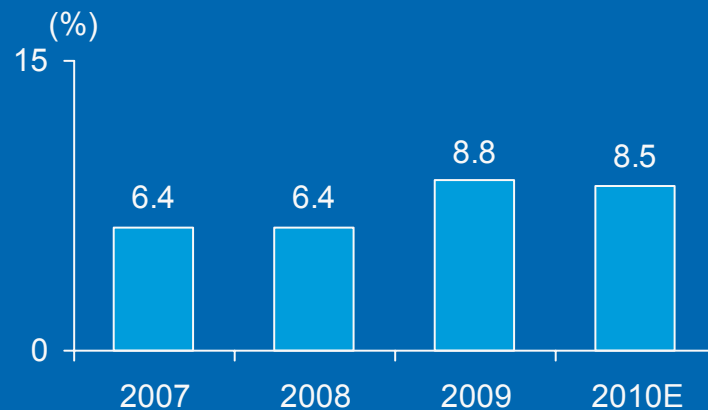
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Unemployment Rates

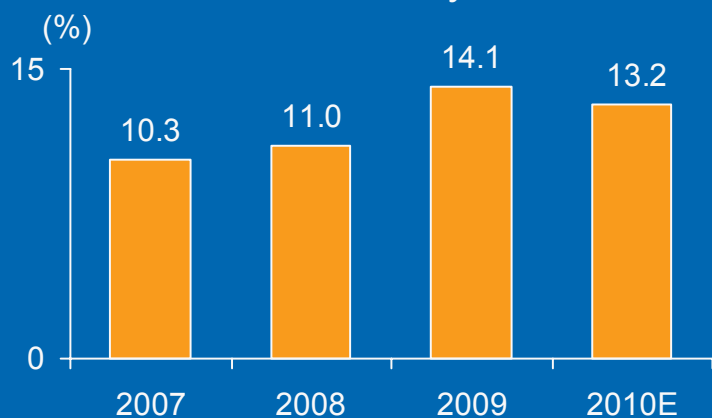
Russia



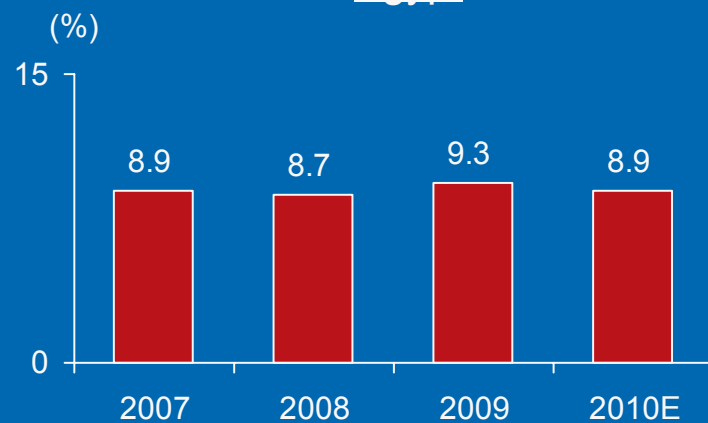
Ukraine



Turkey

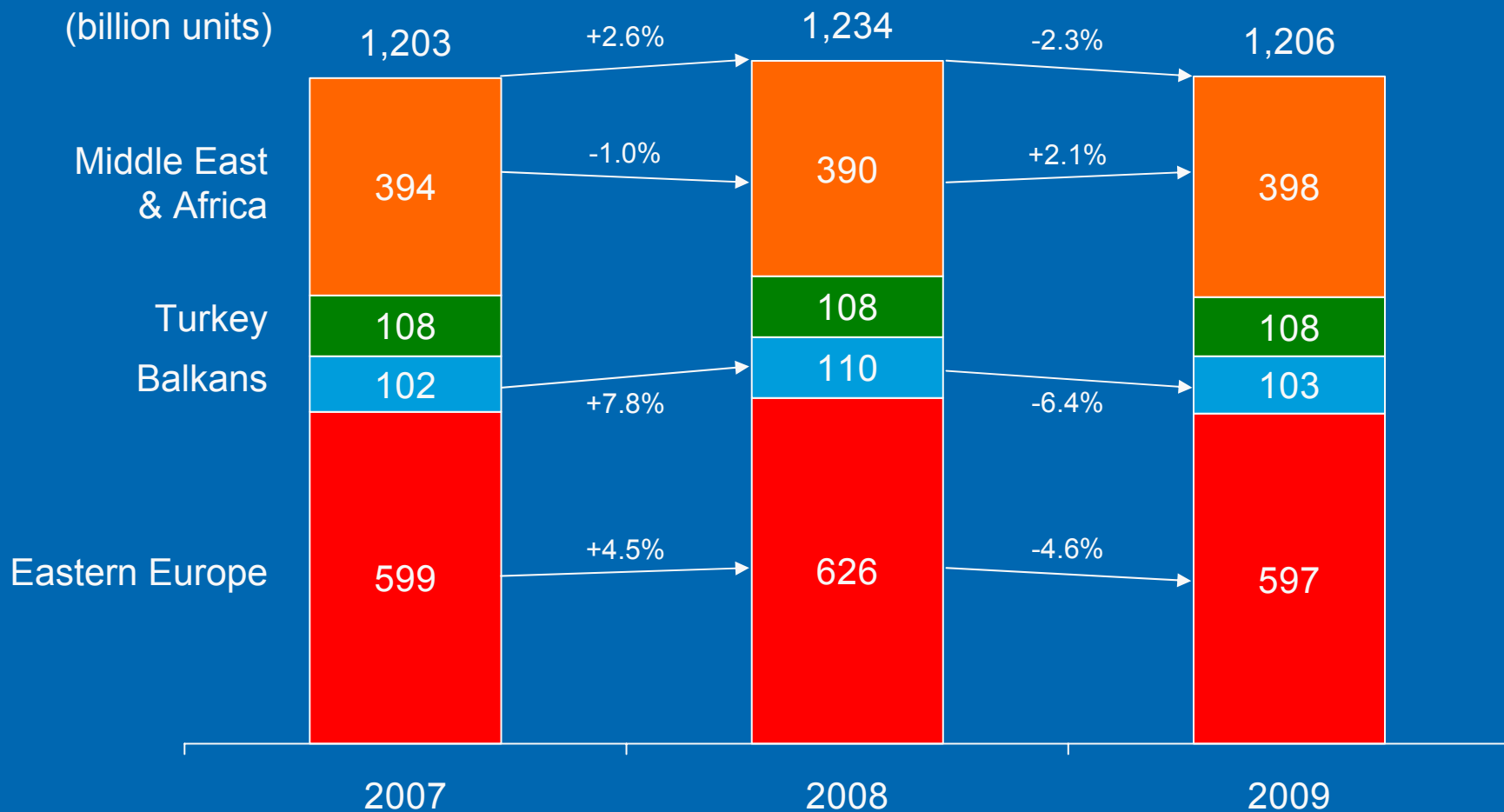


Egypt





Industry Volume^(a)

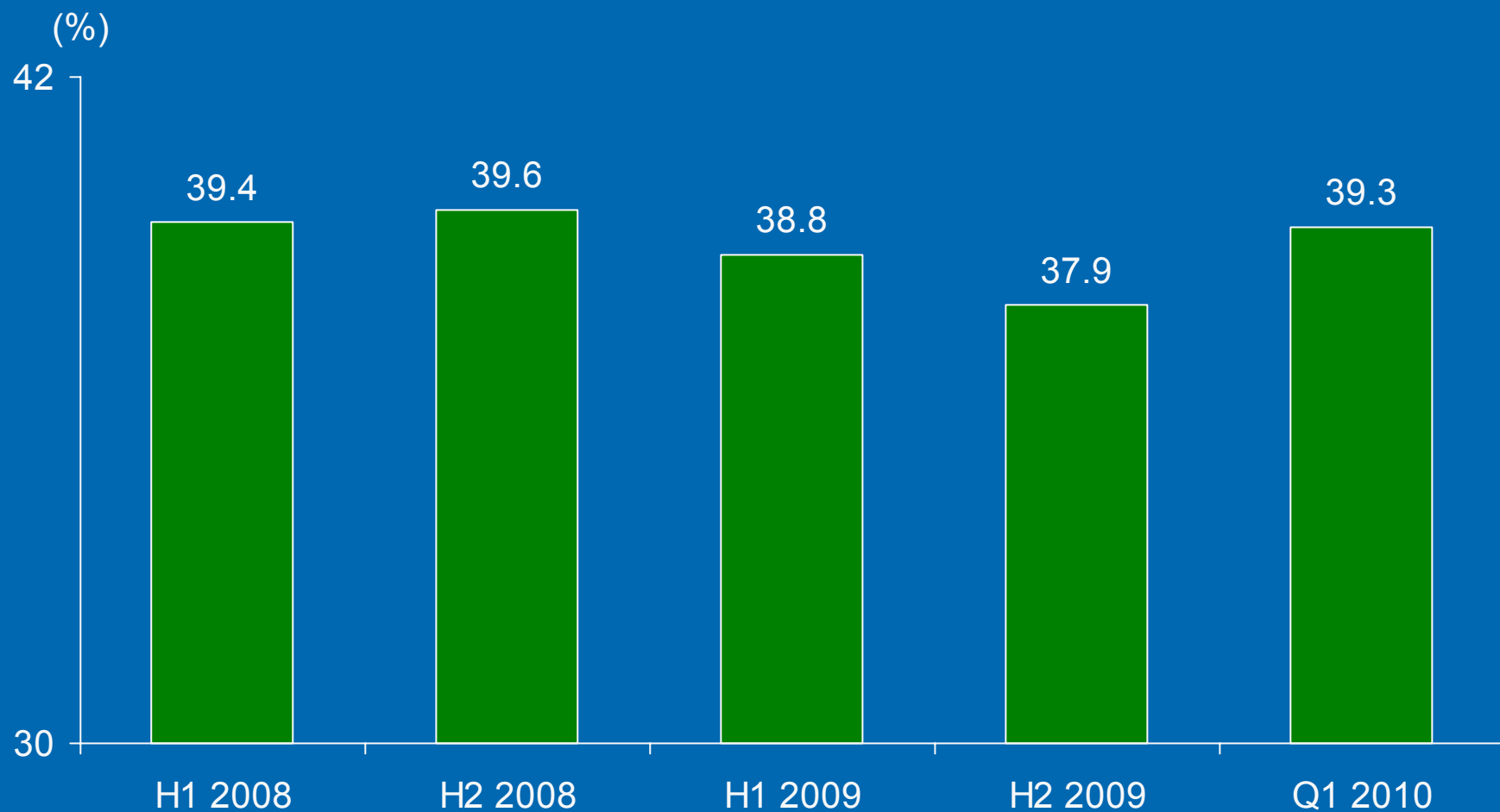


(a) Excluding Duty Free
Source: PMI estimates



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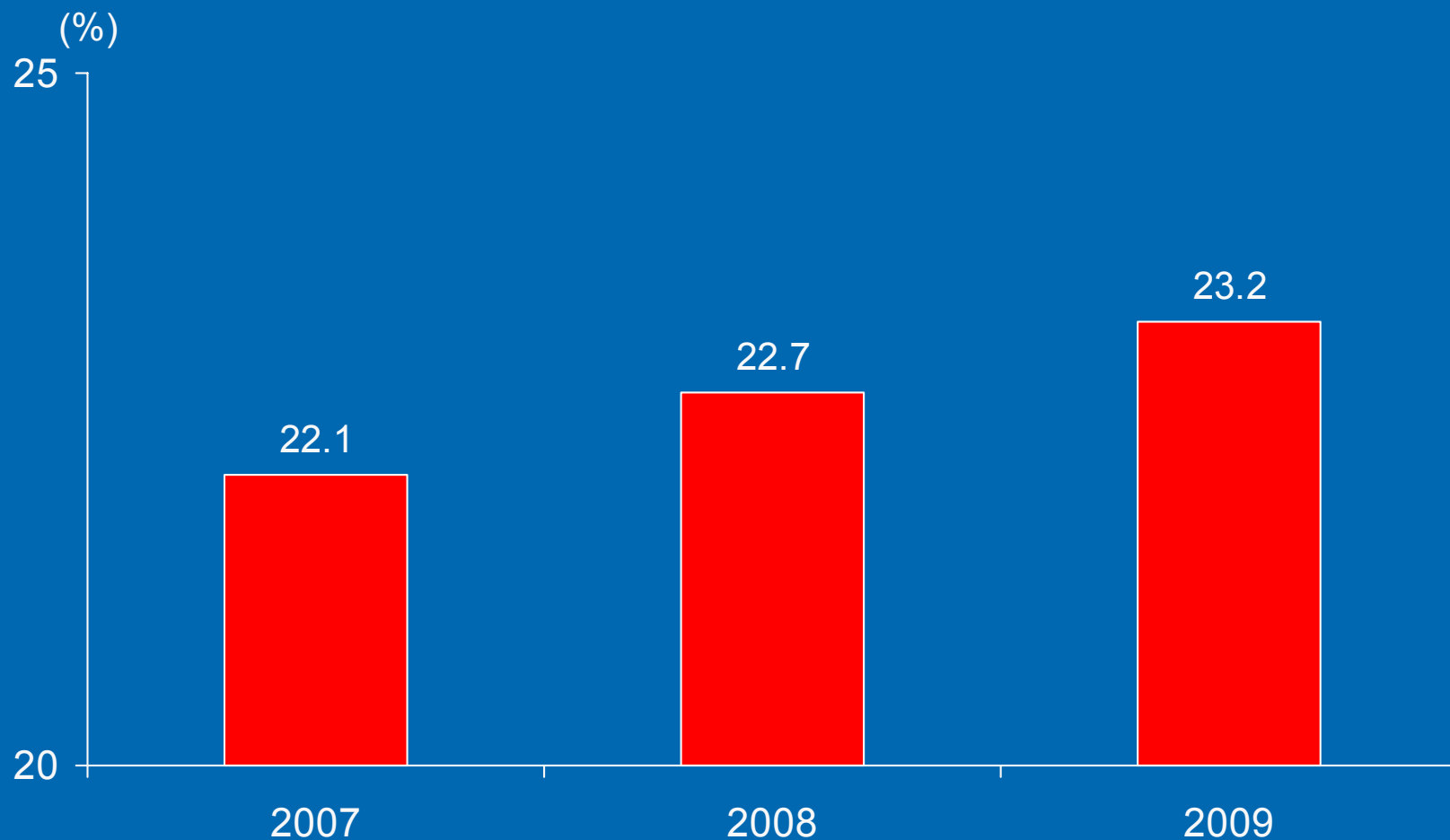
Premium Brands as % of Total PMI Volume





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PMI Regional Market Share



Source: PMI estimates, excluding Duty Free



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PMI Market Shares

	<u>2009</u>	<u>Variance vs. 2008</u>
Russia	25.4 %	0.4 pp
Ukraine	35.9	0.7
Turkey	42.9	1.4
Egypt	15.8	1.3
Romania	28.8	0.5
Kazakhstan	50.2	(3.2)
Algeria	21.3	6.4
Saudi Arabia	51.3	(4.8)
Bulgaria	13.8	3.5
Serbia	49.0	(1.7)
Morocco	10.6	1.2
Tunisia	10.7	3.9

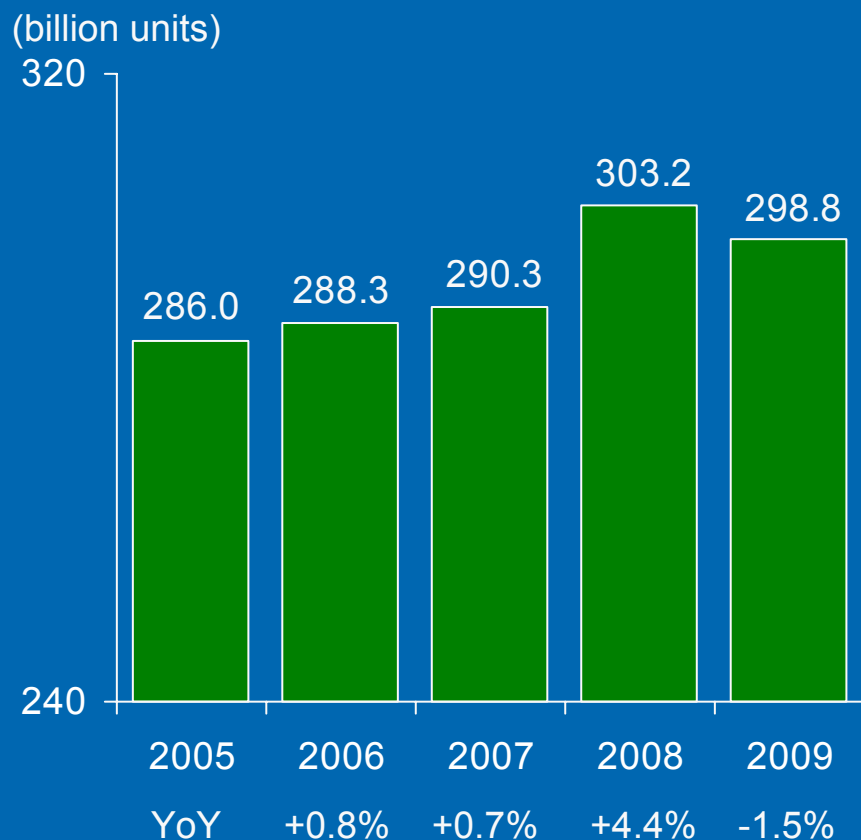


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EEMA Region Results

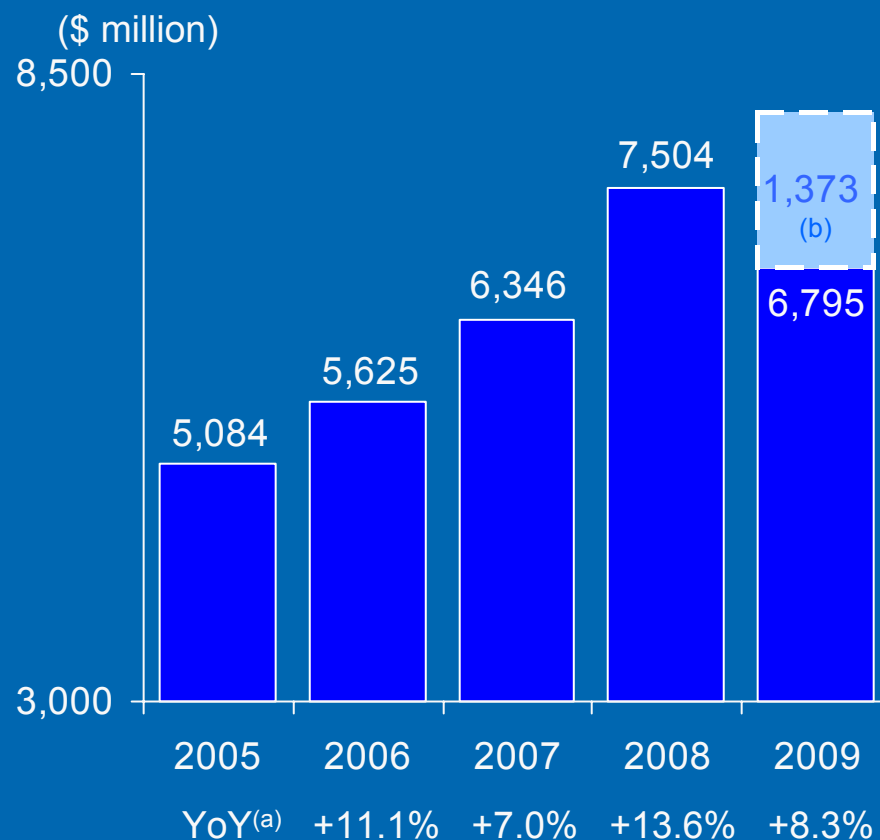
Shipment Volume

CAGR 05-09: +1.1%



Net Revenues

CAGR 05-09^(a): +10.0%



(a) Excluding currency and acquisitions

(b) Unfavorable currency impact

Source: PMI Financials

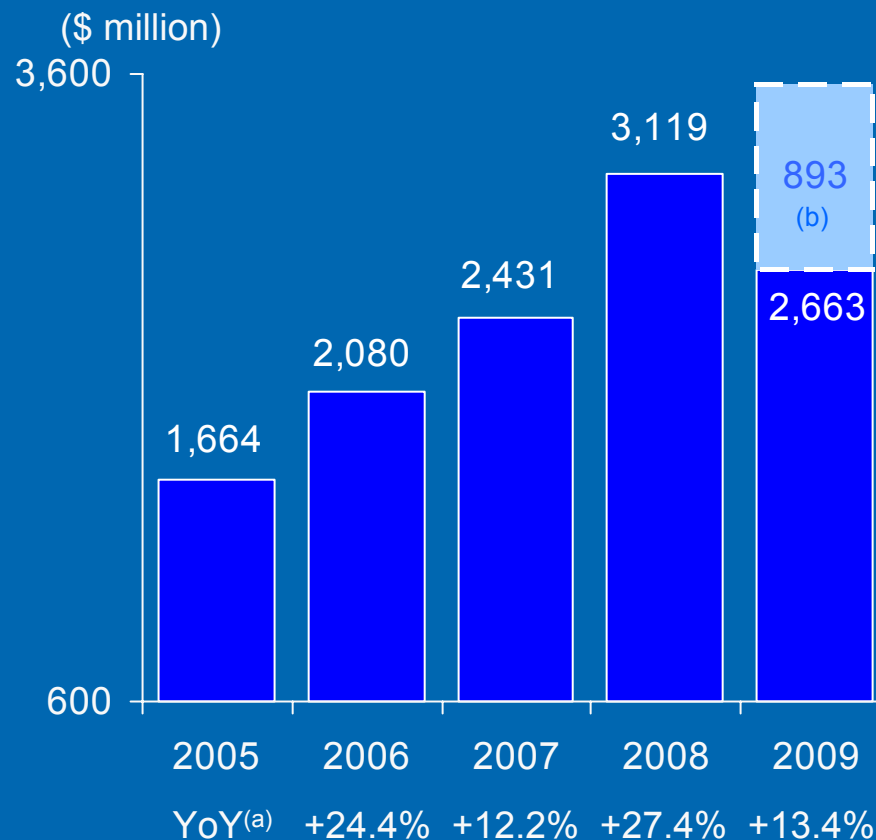
EEMA Region Results



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Operating Companies Income

CAGR 05-09^(a): +19.2%



(a) Excluding currency and acquisitions

(b) Unfavorable currency impact

Source: PMI Financials



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EEMA Region Q1, 2010 Results

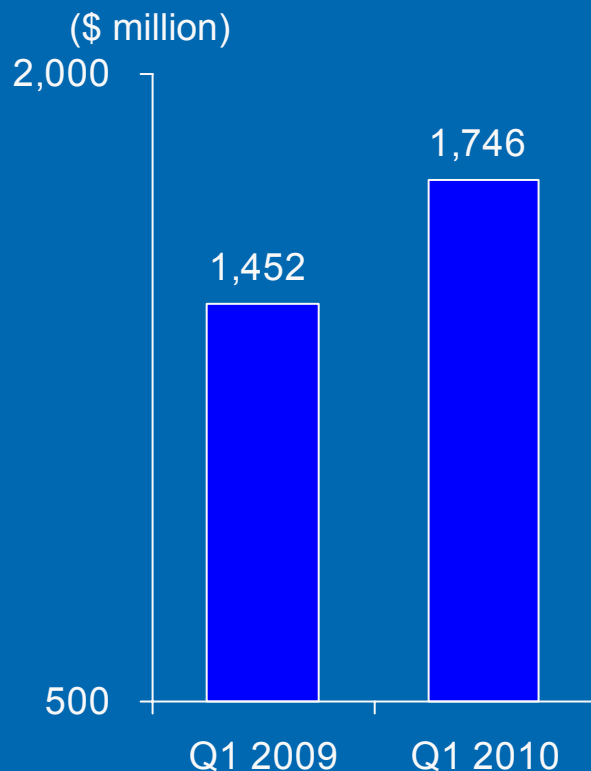
Shipment Volume

YoY: -5.2%



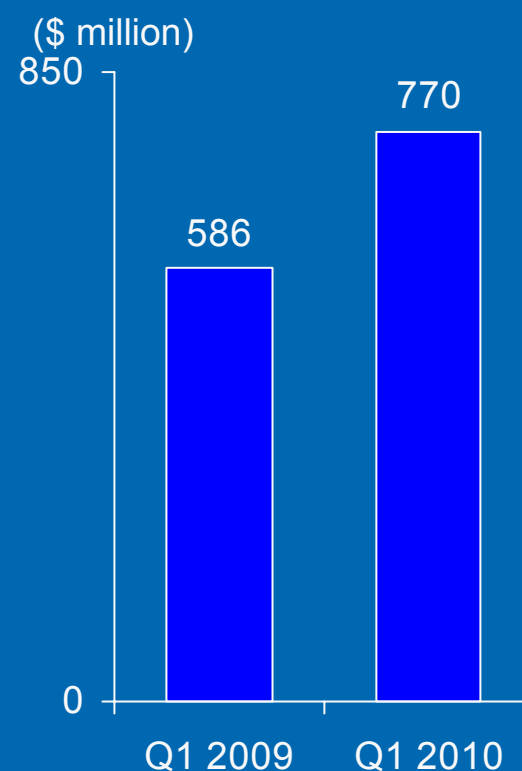
Net Revenues

YoY^(a): +14.9%



Operating Companies Income

YoY^(a): +28.5%



(a) Excluding currency and acquisitions
Source: PMI Financials



Strategic Priorities

Grow volume and OCI through:

- Portfolio initiatives and innovations
- Proactive tax and regulatory engagement
- Pricing and price gap management
- Actively pursue business development opportunities

PMI Brand Portfolio



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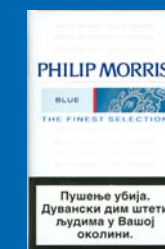
Unit Margin Index

Premium
& Above



100%

Mid-Price



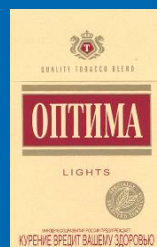
47%

Low-Price



25%

Local Heritage

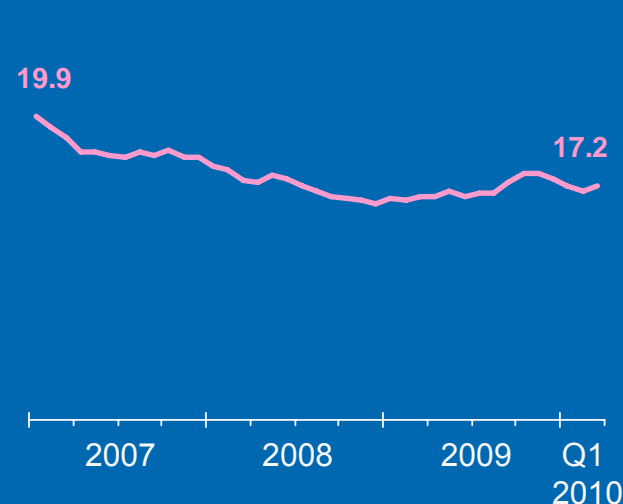
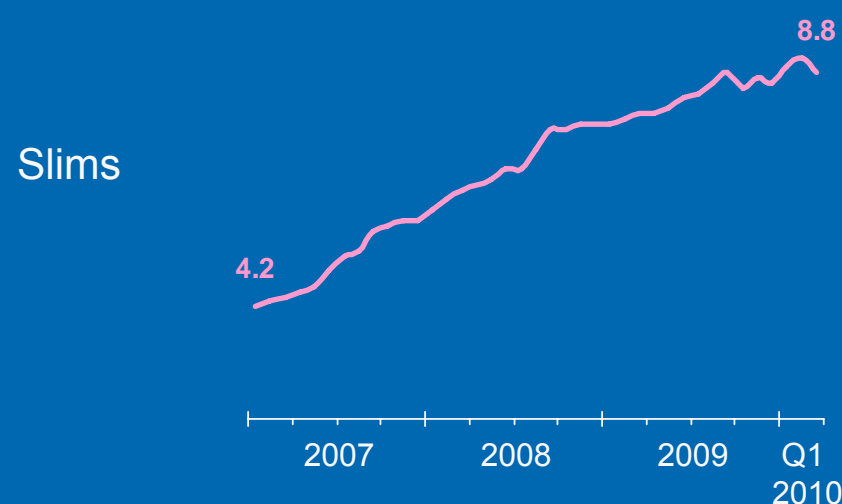
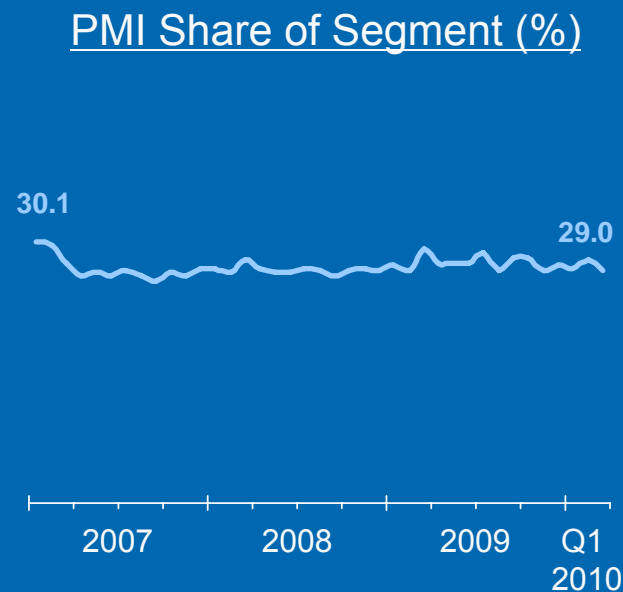
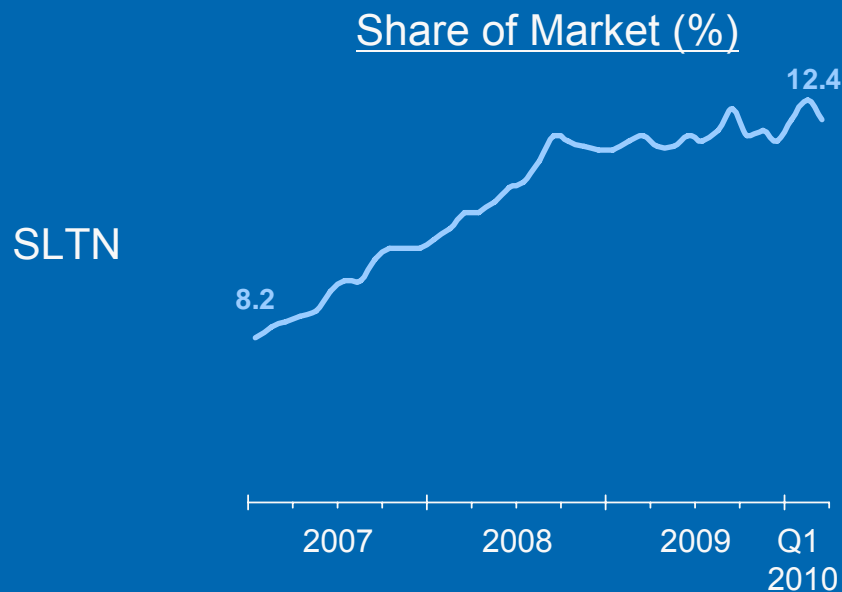


15%



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Key EEMA Consumer Trends



Source: PMI estimates



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Marlboro New Architecture Roll-Out



Filter Plus in 24 markets



Gold Original pack upgrade in 13 markets



Gold Touch in 12 markets



Gold Edge in 6 markets



Gold Smooth 1mg in 6 markets

Marlboro Filter Plus



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REVOLUTION PLUS
4 FILTER ZONES, UNIQUE TASTE

Marlboro
FILTER PLUS

Пушенето вреди сериозно на Вас и на другите около Вас

This advertisement features a close-up of two Marlboro Filter Plus cigarettes. One cigarette is lit, with a red laser beam originating from the tip and extending towards the right. The background is dark, making the white cigarettes stand out. The text 'REVOLUTION PLUS' is prominently displayed in large, bold, white letters. Below it, in smaller white text, is '4 FILTER ZONES, UNIQUE TASTE'. To the right, there is a small image of a Marlboro Filter Plus pack. At the bottom, a white banner contains the text 'Пушенето вреди сериозно на Вас и на другите около Вас' in black Cyrillic script.

Marlboro
FILTER PLUS

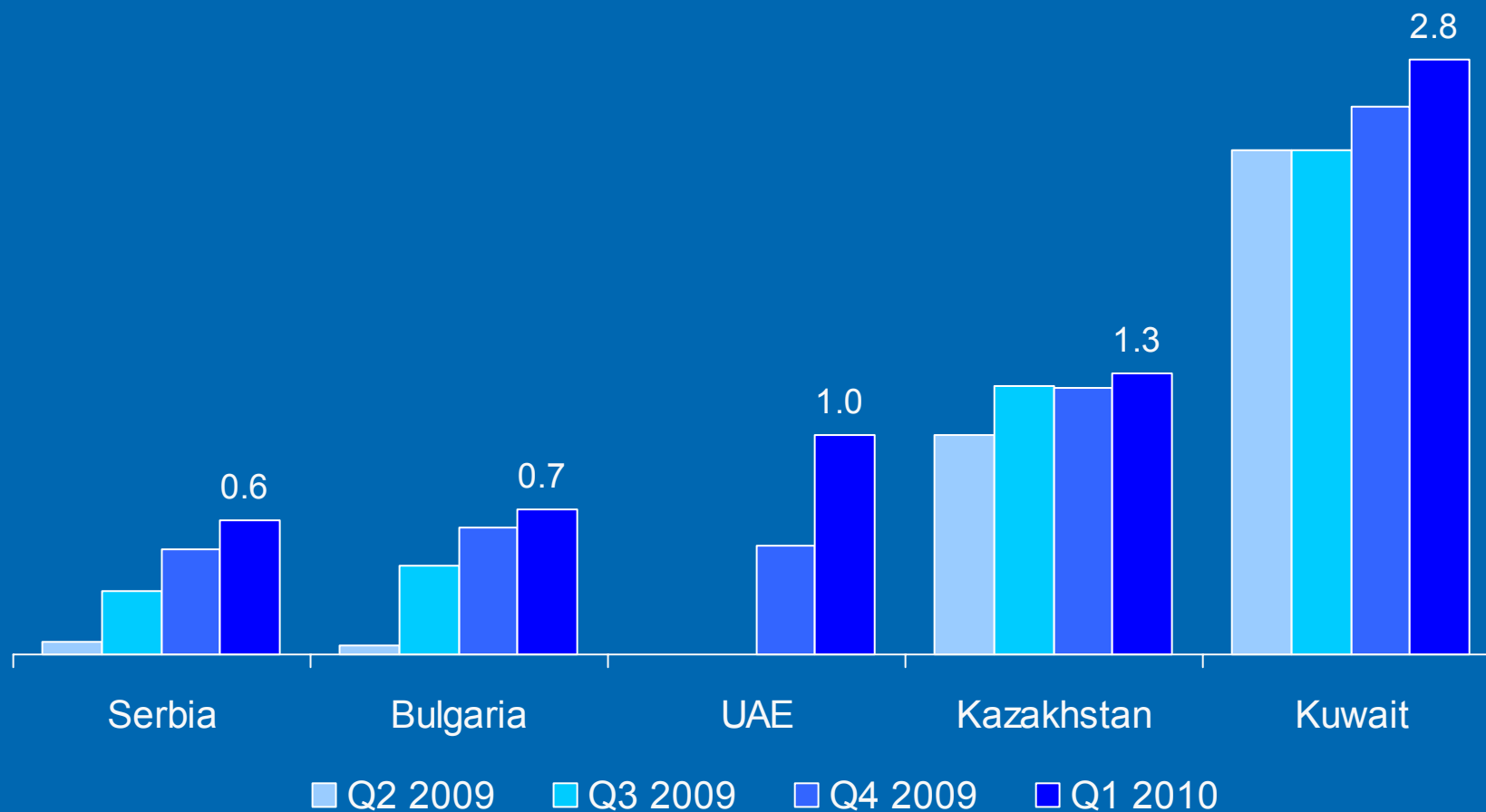
SMOOTH PREMIUM TASTE

Fumatul poate să ucidă

Directiva Consiliului CE/89/622/CEE:
Tutunul dăunează grav sănătății

This advertisement shows several packs of Marlboro Filter Plus cigarettes arranged on a dark, textured surface. The packs are white with red accents. The text 'Marlboro FILTER PLUS' is visible on the top left. Below it, 'SMOOTH PREMIUM TASTE' is written in white. On the right, there are four packs of cigarettes, each with a red banner that says 'Fumatul poate să ucidă' (Smoking can kill) in white text. At the bottom, a white banner contains the text 'Directiva Consiliului CE/89/622/CEE:' followed by 'Tutunul dăunează grav sănătății' in bold black letters.

Share of Market (%)

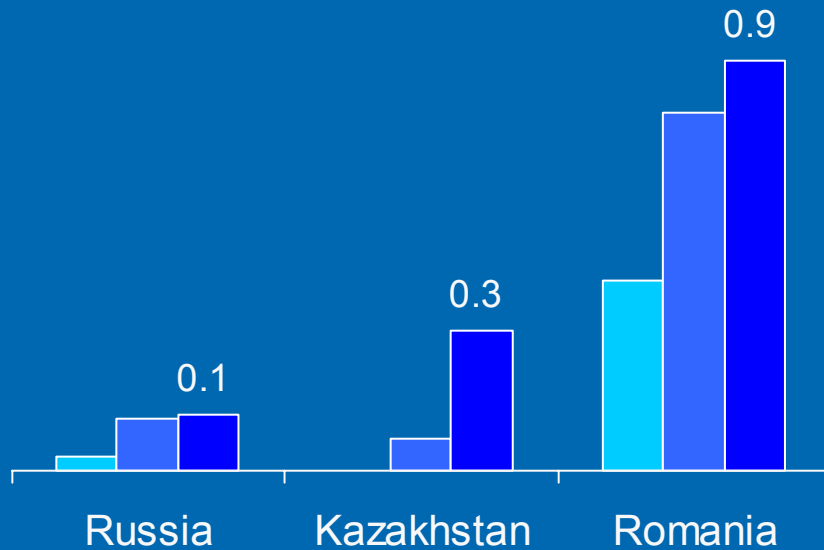




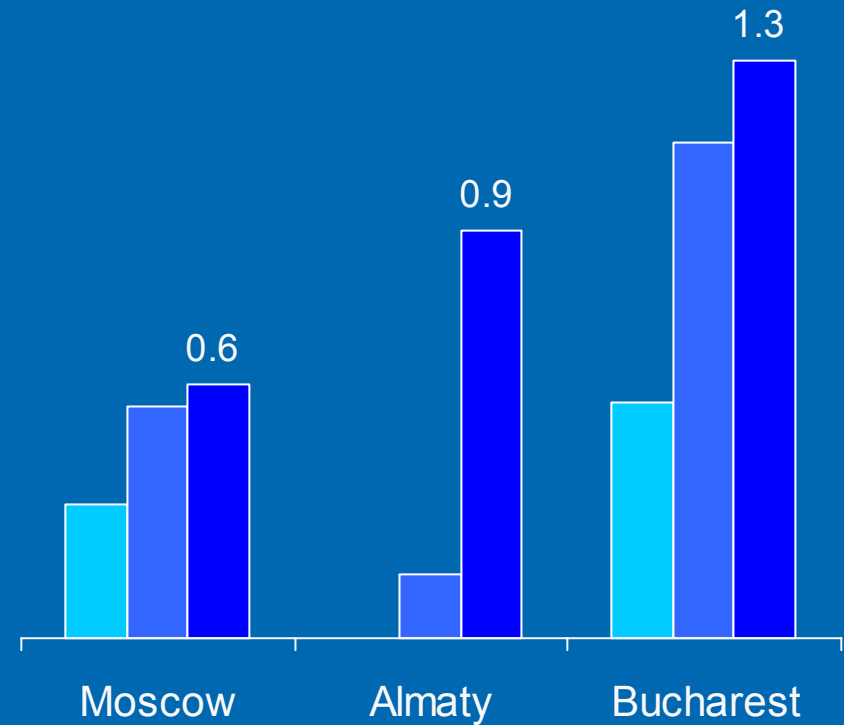
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Marlboro Gold Touch and Fine Touch

National
Share of Market (%)



Main City
Share of Market (%)



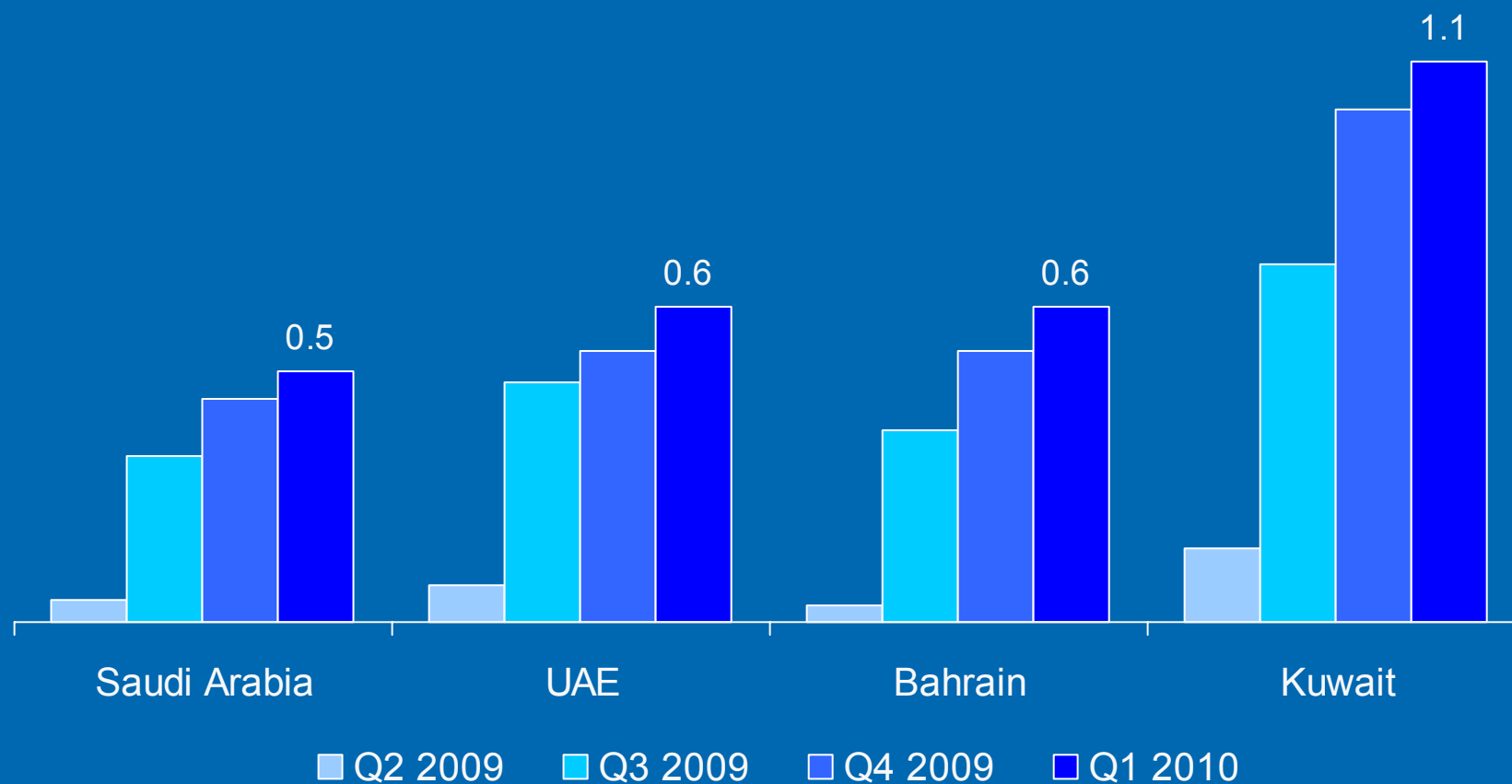
■ Q3 2009 ■ Q4 2009 ■ Q1 2010

Marlboro Gold Smooth 1mg



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Share of Market (%)



Parliament

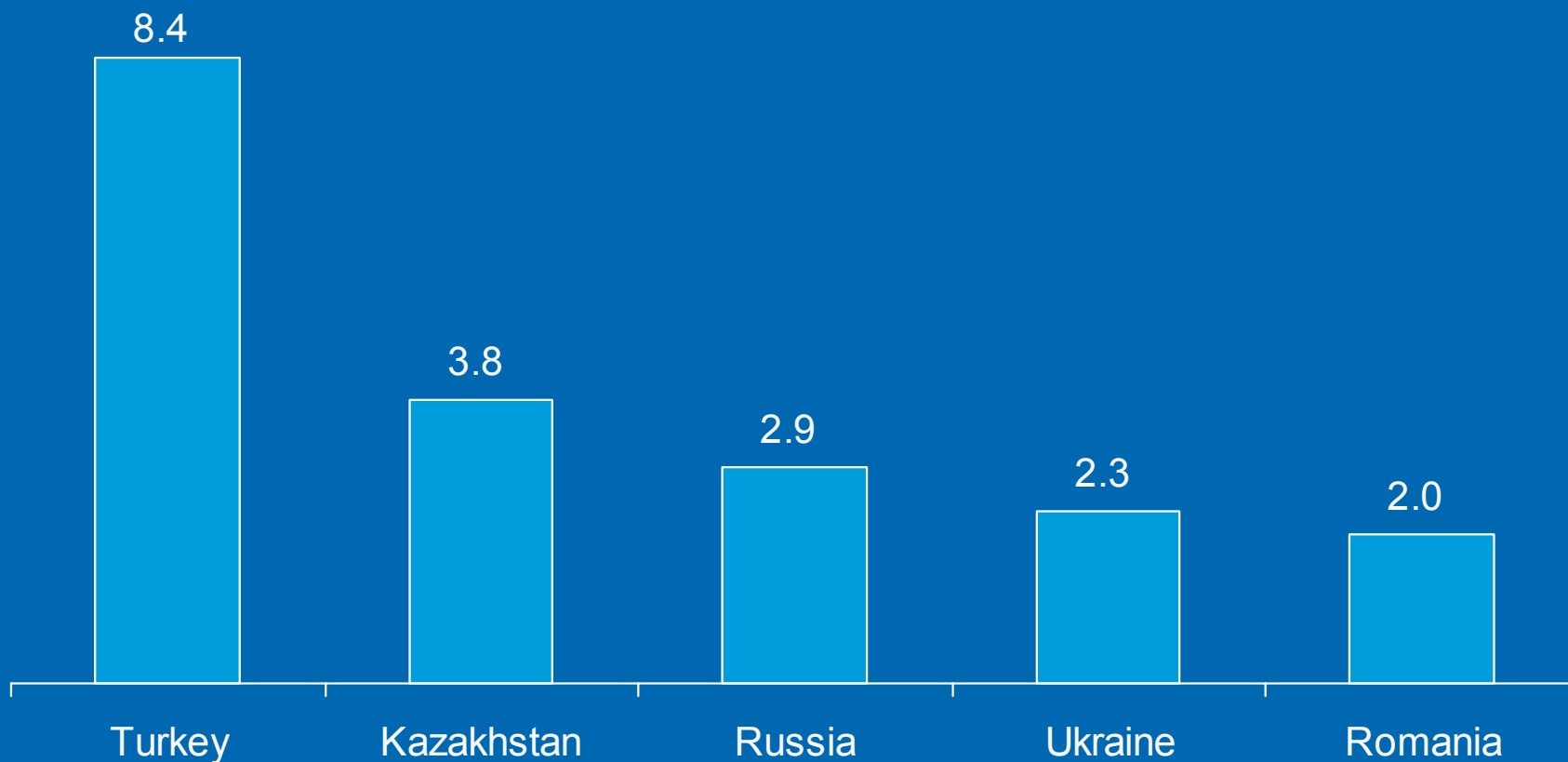


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МИНЗДРАВСОЦРАЗВИТИЯ РОССИИ ПРЕДУПРЕЖДАЕТ: КУРЕНИЕ ВРЕДИТ ВАШЕМУ ЗДОРОВЬЮ

2009 Share of Market (%)



ЧТО ЗА
УДОВОЛЬСТВИЕ
ВТОРОПАХ?

**ВОЗЬМИ ПАЧКУ
CHESTERFIELD.**
ПОЧУВСТВУЙ В РАДОНКА, ОЦЕНИ КРАСОТУ,
ЕЕ ХАРАКТЕР И ГЛУБИНА УВЛЕКАЮТ.
ОТКРОЙ ЛЕГЕНДУ, КОТОРАЯ ЖИВЕТ В НЕЙ.
ПЛЕНКА ПЛАВНО РАСРЫВАЕТСЯ,
ФОЛЬГА ОТХОДИТ В СТОРОНУ,
И БОГАТЫМ, ОБВОЛАКИВАЮЩИМ
АРОМАТ
ПРОБУЖДАЕТ
ТВОИ ОЩУЩЕНИЯ.
ЭТО УДОВОЛЬСТВИЕ
ДОСТОЙНО ПАУЗЫ.

Ⓜ
НАСЛАЖДАЙСЯ
НЕ СПЕША



МИНЗДРАВСОЦРАЗВИТИЯ РОССИИ ПРЕДУПРЕЖДАЕТ:
КУРЕНИЕ ВРЕДИТ ВАШЕМУ ЗДОРОВЬЮ

ОГО
НЬКА
НЕ
НАЙ
ДЕТСЯ
?

**В НАШЕ ВРЕМЯ
ЗАЖИГАЛКА СТАЛА ЧЕМ-ТО
БОЛЬШИМ, ЧЕМ ПРОСТО
СПОСОБ ЗАЖЕЧЬ СИГАРЕТУ.**

**ЭТО НАЧАЛО
МОМЕНТА**
НАСЛАЖДЕНИЯ ВКУСОМ

**НАСЛАДИСЬ РИТУАЛОМ,
КОТОРЫЙ ТАК ТЕБЕ
ЗНАКОМ - ПРИКОСНОВЕНИЕ,
ЩЕЛЧОК И ПЛАМЯ.
СДЕЛАЙ ПАУЗУ
И ПОСВЯТИ НЕСКОЛЬКО
МИНУТ УДОВОЛЬСТВИЮ.**

Ⓜ
НАСЛАЖДАЙСЯ
НЕ СПЕША



МИНЗДРАВСОЦРАЗВИТИЯ РОССИИ ПРЕДУПРЕЖДАЕТ:
КУРЕНИЕ ВРЕДИТ ВАШЕМУ ЗДОРОВЬЮ

КУРЕНИЕ
ЛУЧШЕ БЕЗ
СПЕШИ

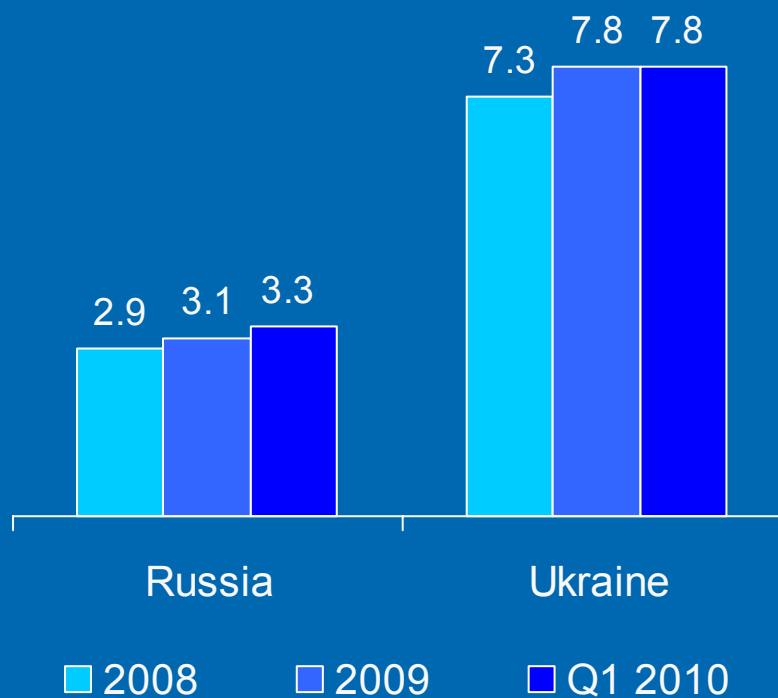
ТЫ СПРОСИШЬ, ЧТО ОБЩЕГО МЕЖДУ СИГАРЕТОЙ
И ЧАШКОЙ КОФЕ. БЕЗ СОМНЕНИЯ, ЭТО ВКУС,
НАСЫЩЕННОСТЬ И БОГАТСТВО КОТОРОГО
ГОВОРЯТ О КАЧЕСТВЕ ВЕЩАМИ
И КОГДА ТЫ НАХОДИШЬ СВОЙ ВКУС, ЭТО СТОИТ
ТОГО, ЧТОБЫ ВЗЯТЬ ПАУЗУ
И НАСЛАДИТЬСЯ НАСТОЯЩИМ
УДОВОЛЬСТВИЕМ. НЕ ЗАБЫВАЙ, ЧТО
ХОРОШИМИ ВЕЩАМИ
И НАСТОЯЩИМ ВКУСОМ НУЖНО
НАСЛАЖДАТЬСЯ НЕ ТОРОПЯСЯ.

Ⓜ
НАСЛАЖДАЙСЯ
НЕ СПЕША



МИНЗДРАВСОЦРАЗВИТИЯ РОССИИ ПРЕДУПРЕЖДАЕТ:
КУРЕНИЕ ВРЕДИТ ВАШЕМУ ЗДОРОВЬЮ

Share of Market (%)



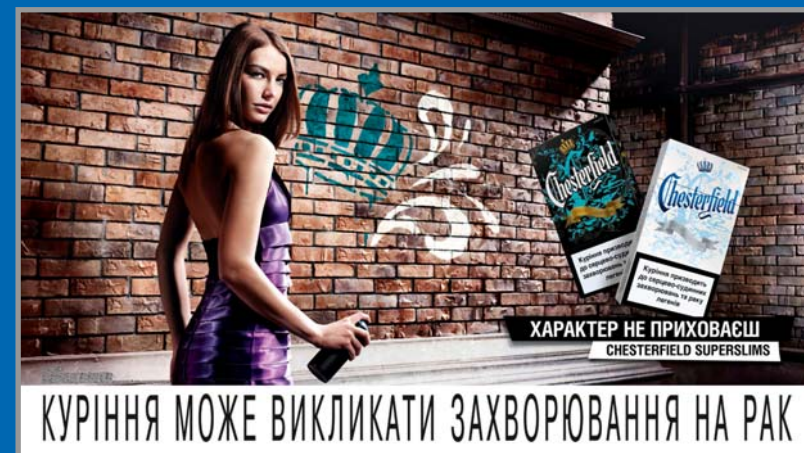
Chesterfield Superslims 100s

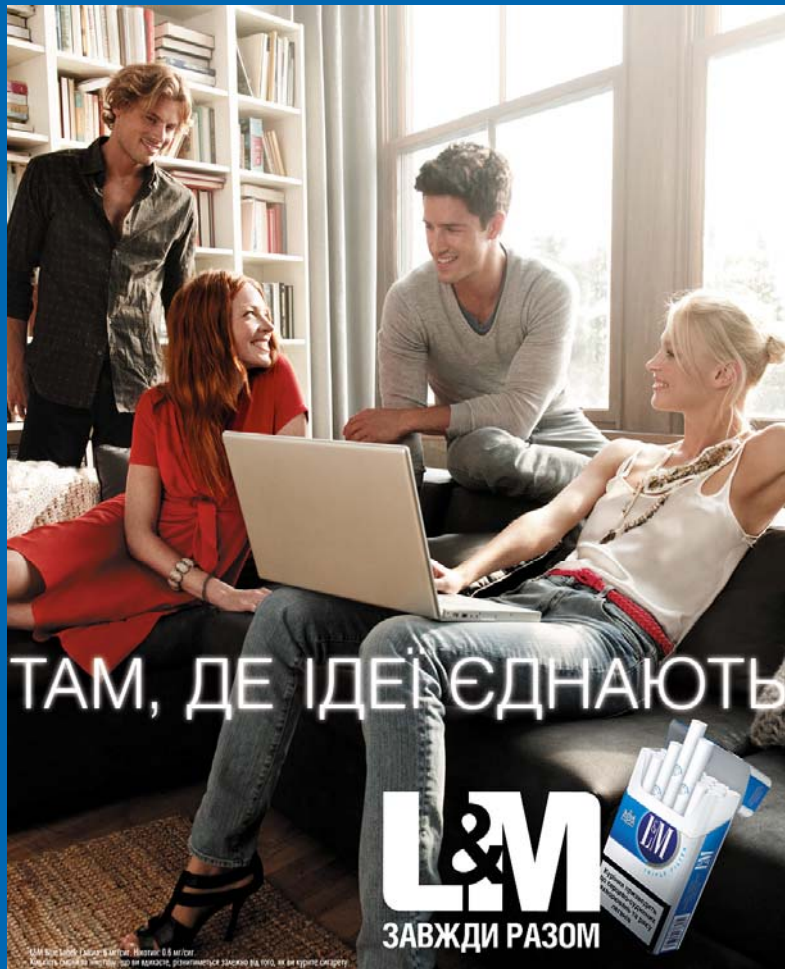


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Launched in March 2010 in Ukraine





ТАМ, ДЕ ІДЕЇ ЄДНАЮТЬСЯ

L&M
ЗАВЖДИ РАЗОМ

L&M: 100% тютюну. Завжди в мішку. Вміщує 10 цигарет.
Смачність і ніжність. Ідеальні смак і запах. Розгляньте цигарку повільно, не втрачаючи смаку.

КУРІННЯ МОЖЕ ВИКЛИКАТИ
ЗАХВОРЮВАННЯ НА РАК



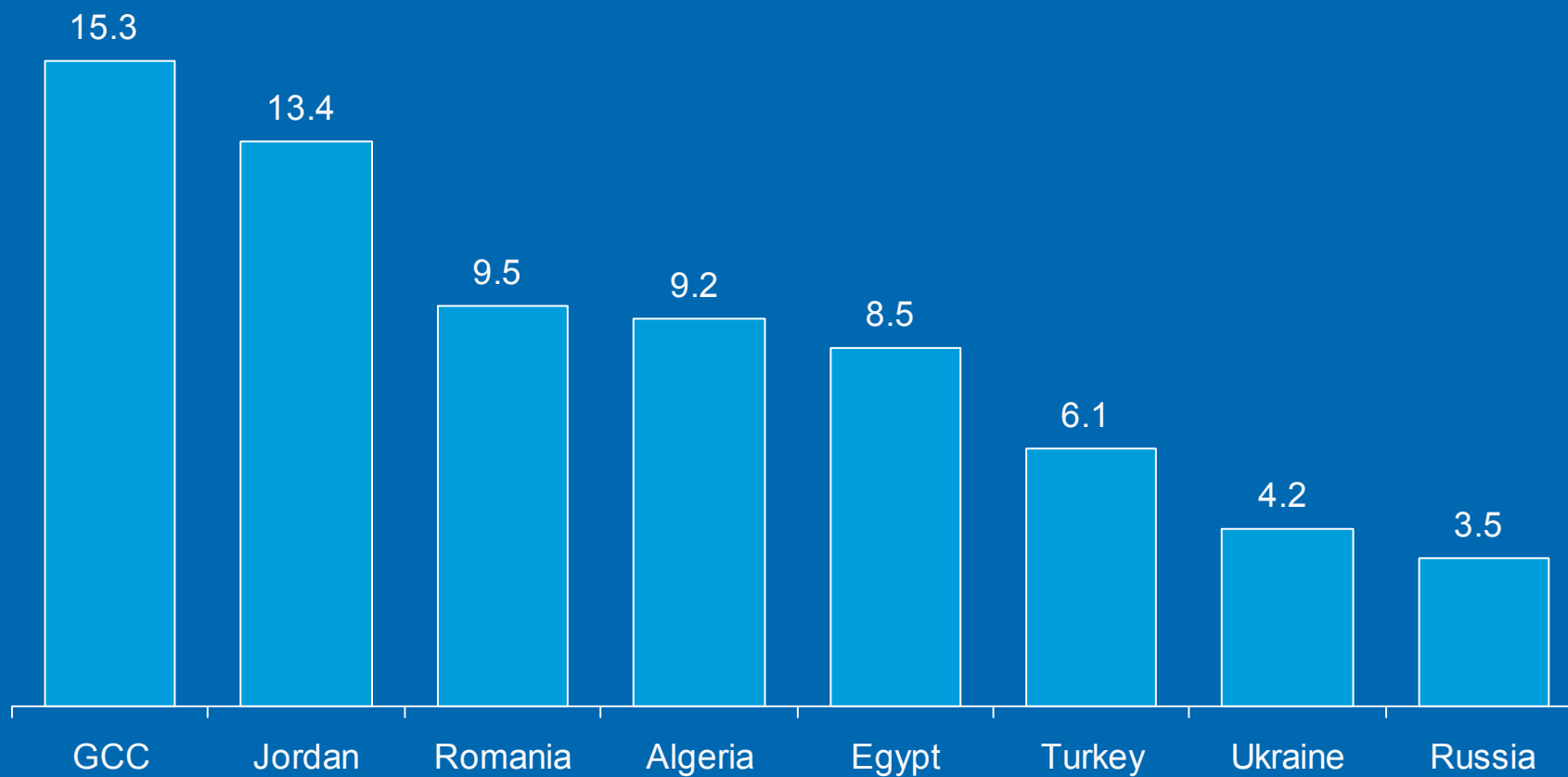
ТАМ, ДЕ ДРУЖБА ЄДНАЄ

L&M
ЗАВЖДИ РАЗОМ

L&M: 100% тютюну. Завжди в мішку. Вміщує 10 цигарет.
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КУРІННЯ МОЖЕ ВИКЛИКАТИ
ЗАХВОРЮВАННЯ НА РАК

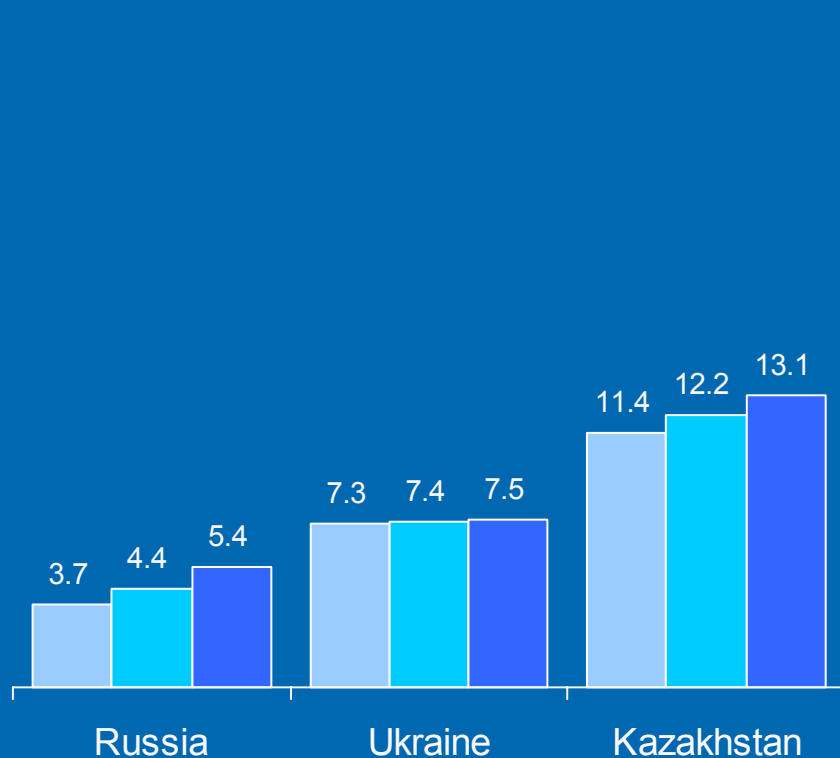
2009 Share of Market (%)



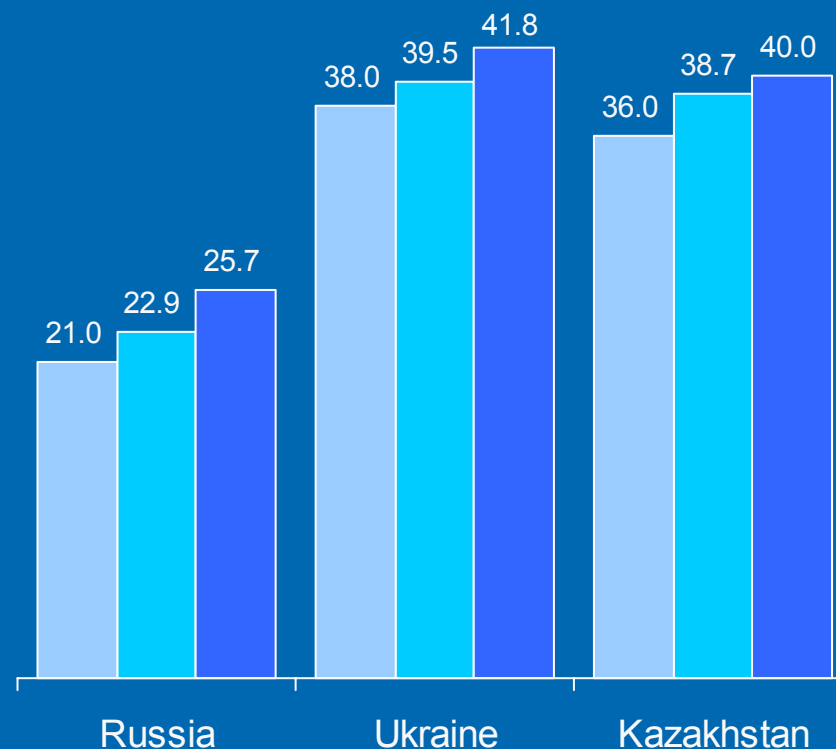


КУРІННЯ МОЖЕ ВИКЛИКАТИ ЗАХВОРЮВАННЯ НА РАК

Share of Market (%)



Share of Price Segment (%)



■ 2008

■ 2009

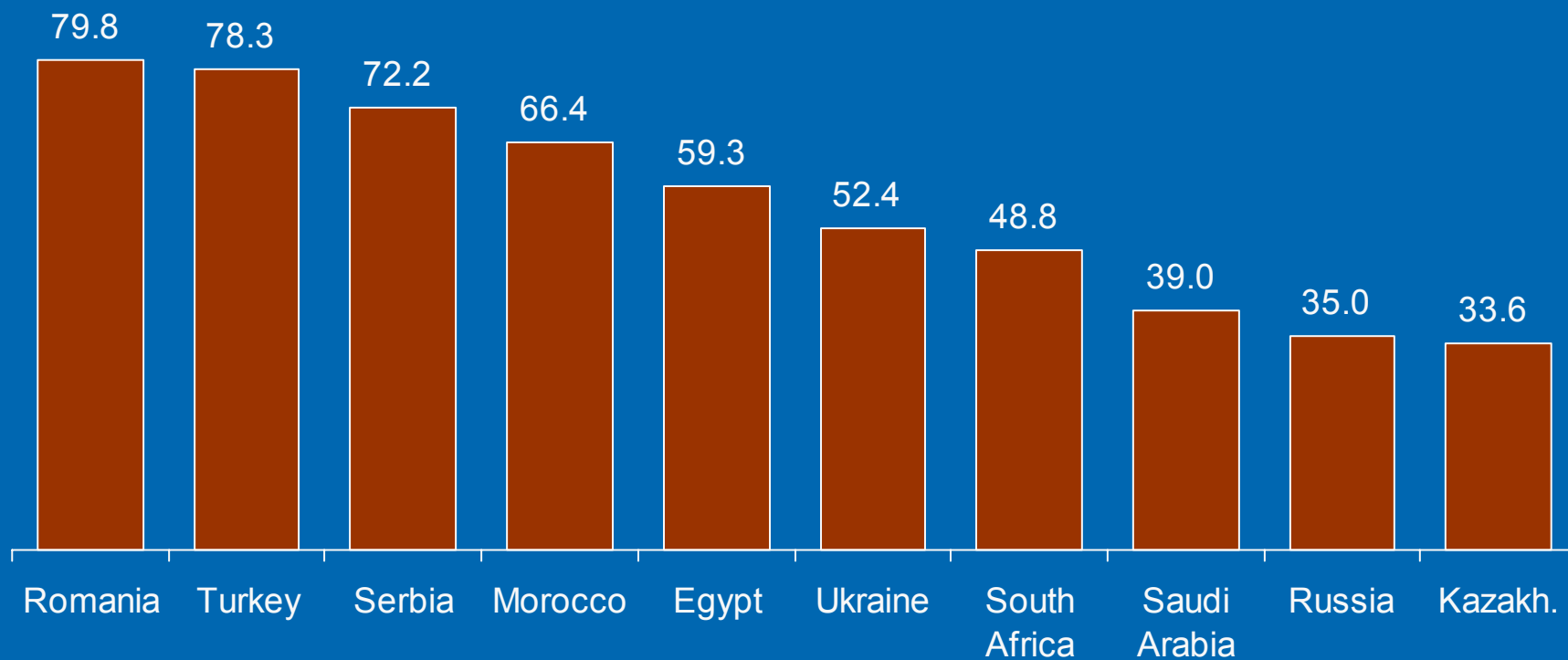
■ Q1 2010



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Total Tax Incidence – Best Selling Brand

(% of RSP)



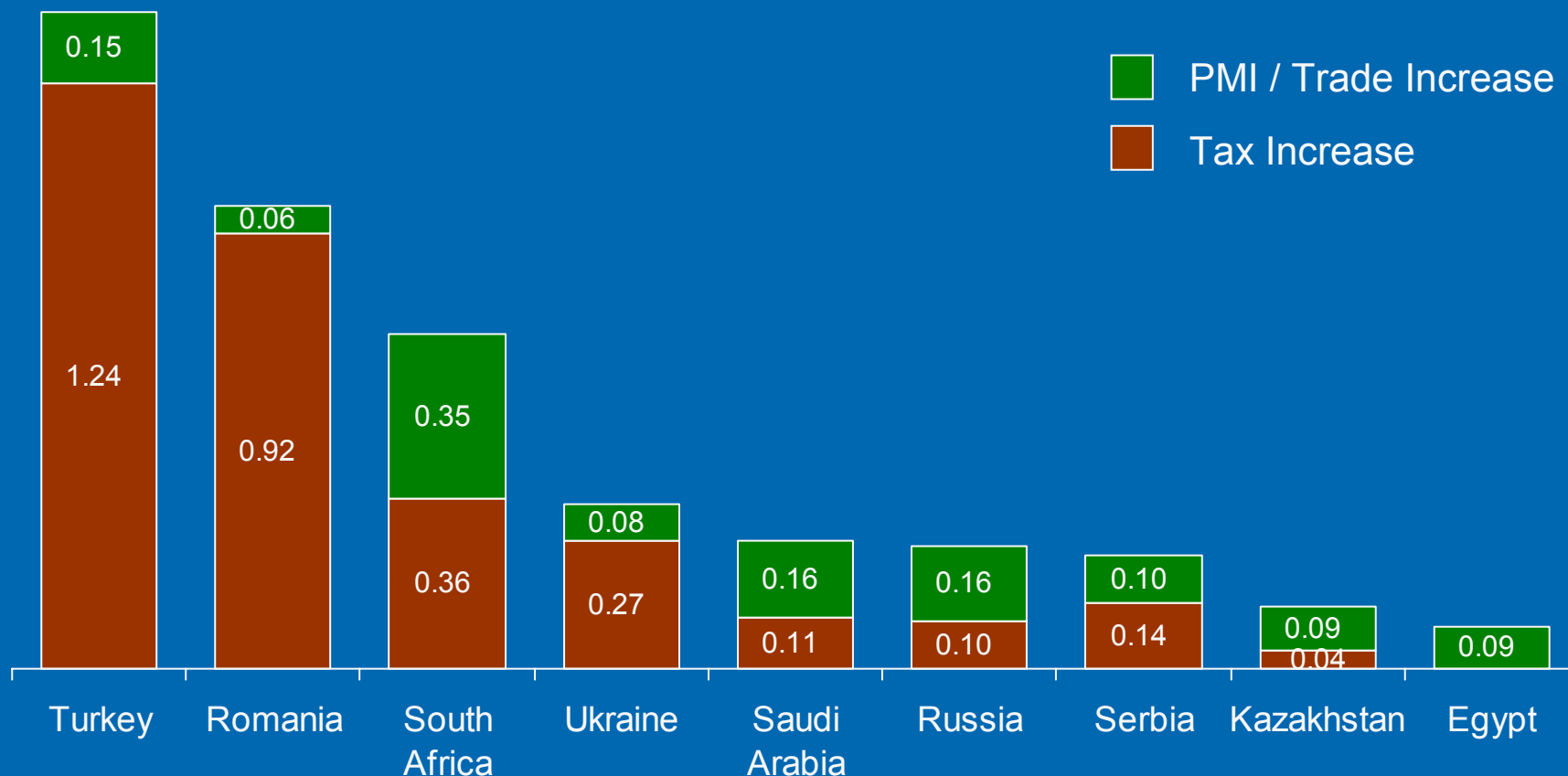
Note: As of June 18, 2010
Source: PMI Financials



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Marlboro Retail Price Increases since Jan. 2009

(\$/pack)



Note: As of June 18, 2010. Conversion to US Dollars based on spot exchange rates

Source: PMI Financials



Excise Taxation

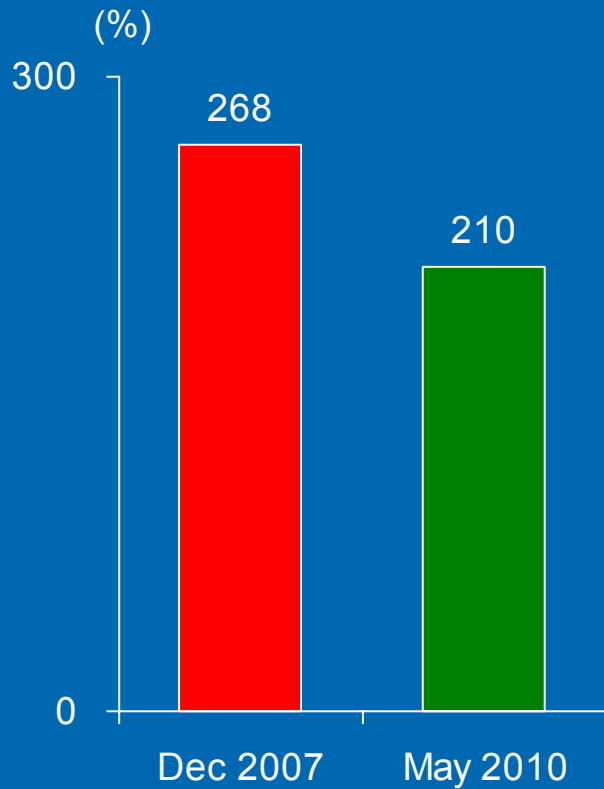
- Excise tax levels are generally low in EEMA
- Some large tax increases in 2009 and 2010 due to economic crisis (Turkey, Romania, Ukraine and Egypt)
- PMI has more than passed on tax increases
- Although there will be more tax increases, we see them as manageable
- Price gaps have narrowed



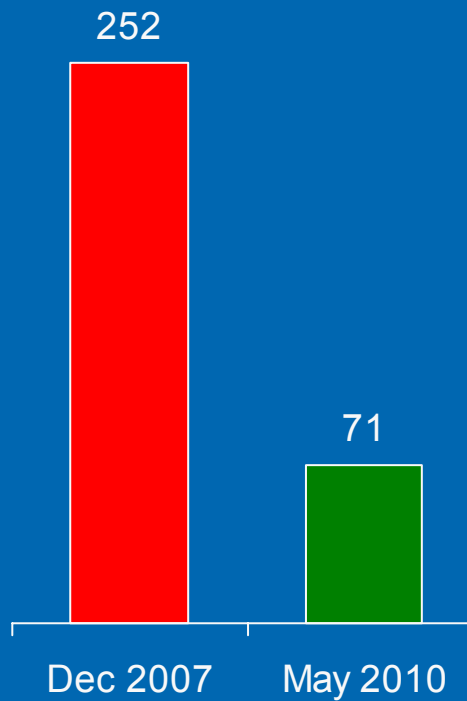
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Marlboro Price Gap vs. Leading Low-Price Brand

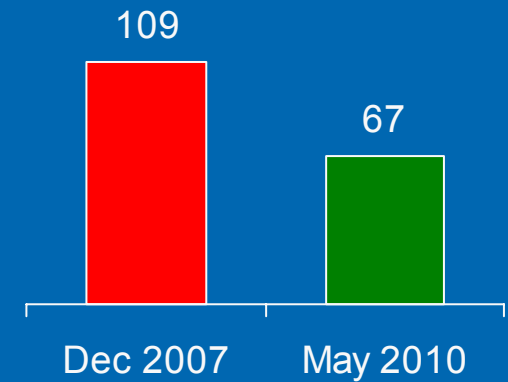
Russia



Ukraine



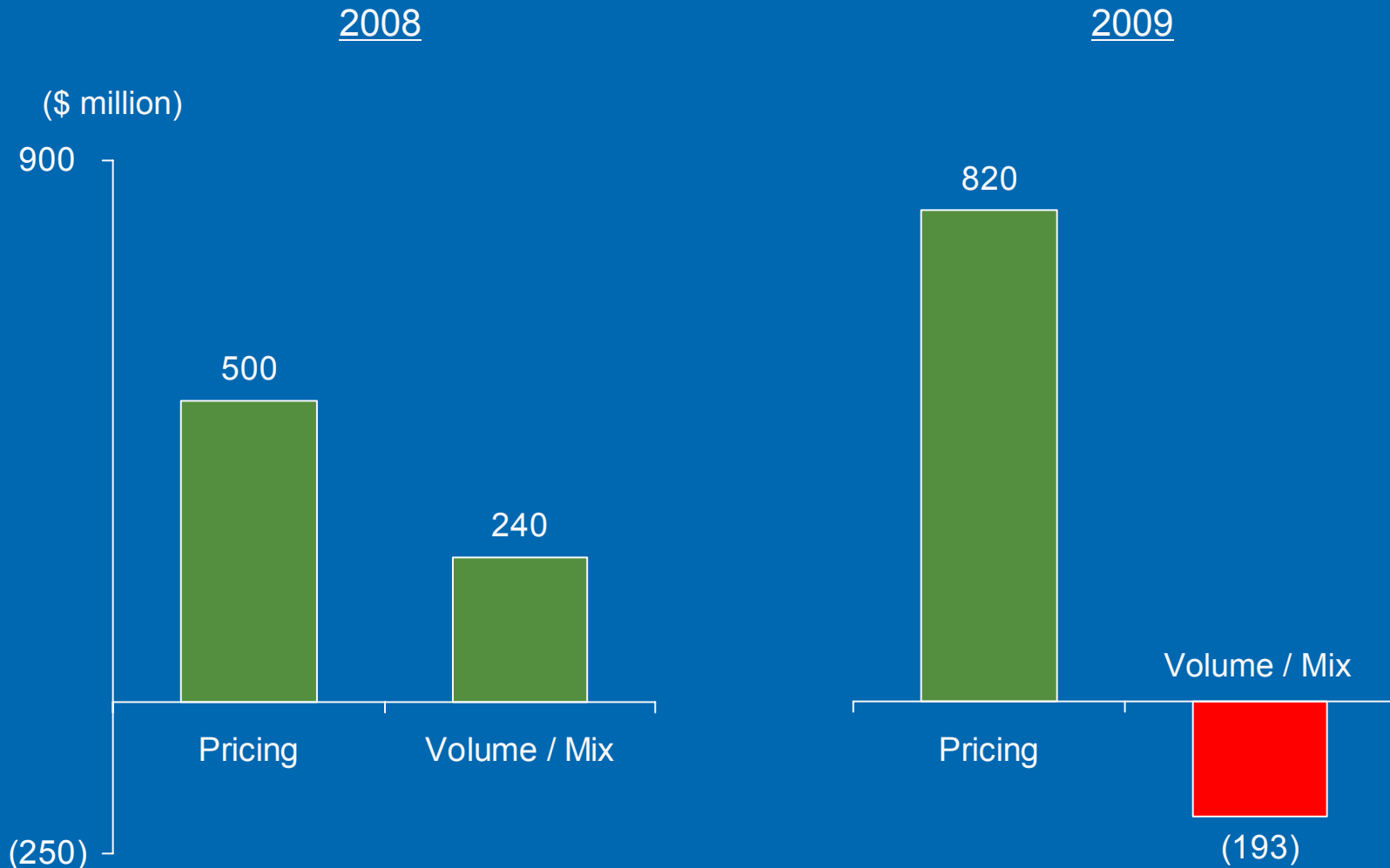
Turkey





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Pricing Variance vs. Volume/Mix Variance

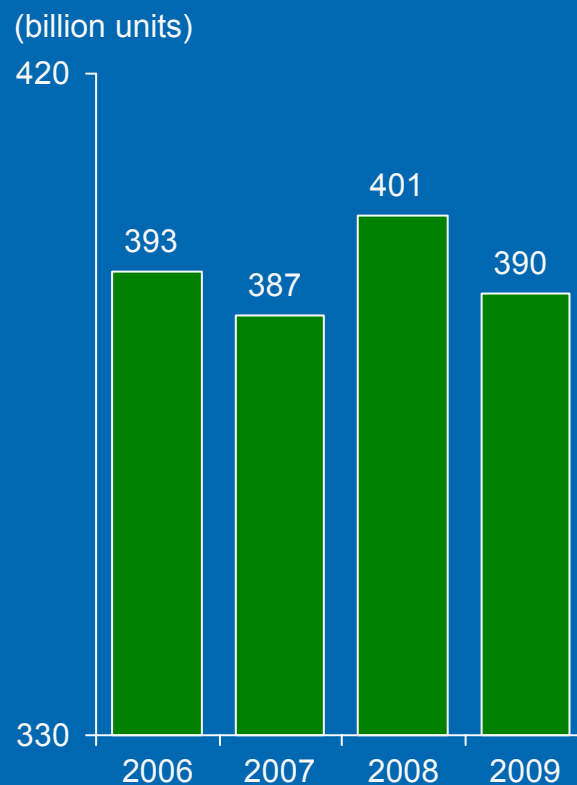




Russia – Overview



Total Market Evolution





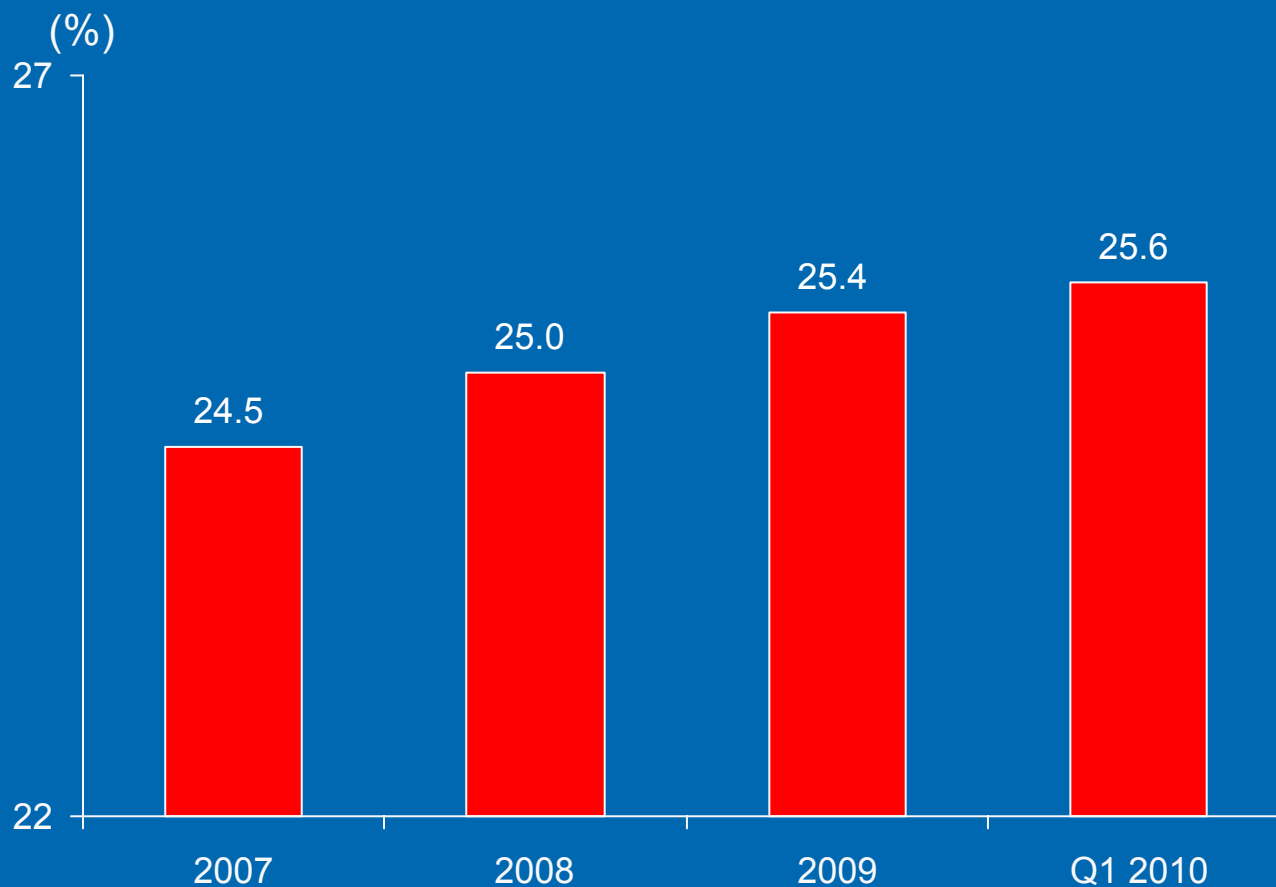
Russia – Business Environment

- Moderate GDP gain expected in 2010
- Unemployment remains high; limited wage gains
- Total market recovering
- Downtrading is stabilizing
- Trends towards lighter taste and new features
- Multi-year excise tax framework
- Broad brand portfolio
- PMI continues to gain share even in downtrading environment



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Russia – PMI Market Share

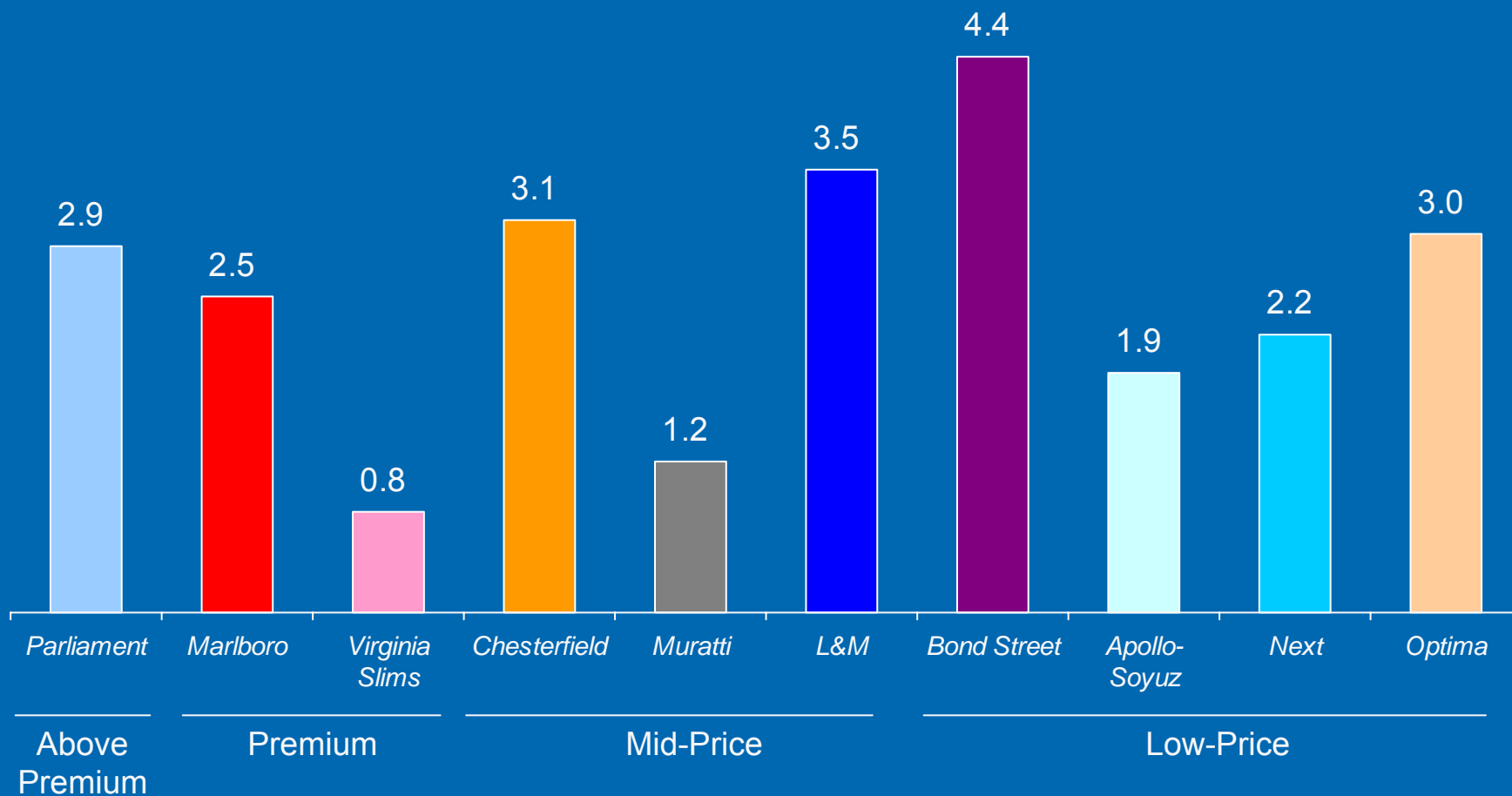




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Russia – PMI Brand Portfolio

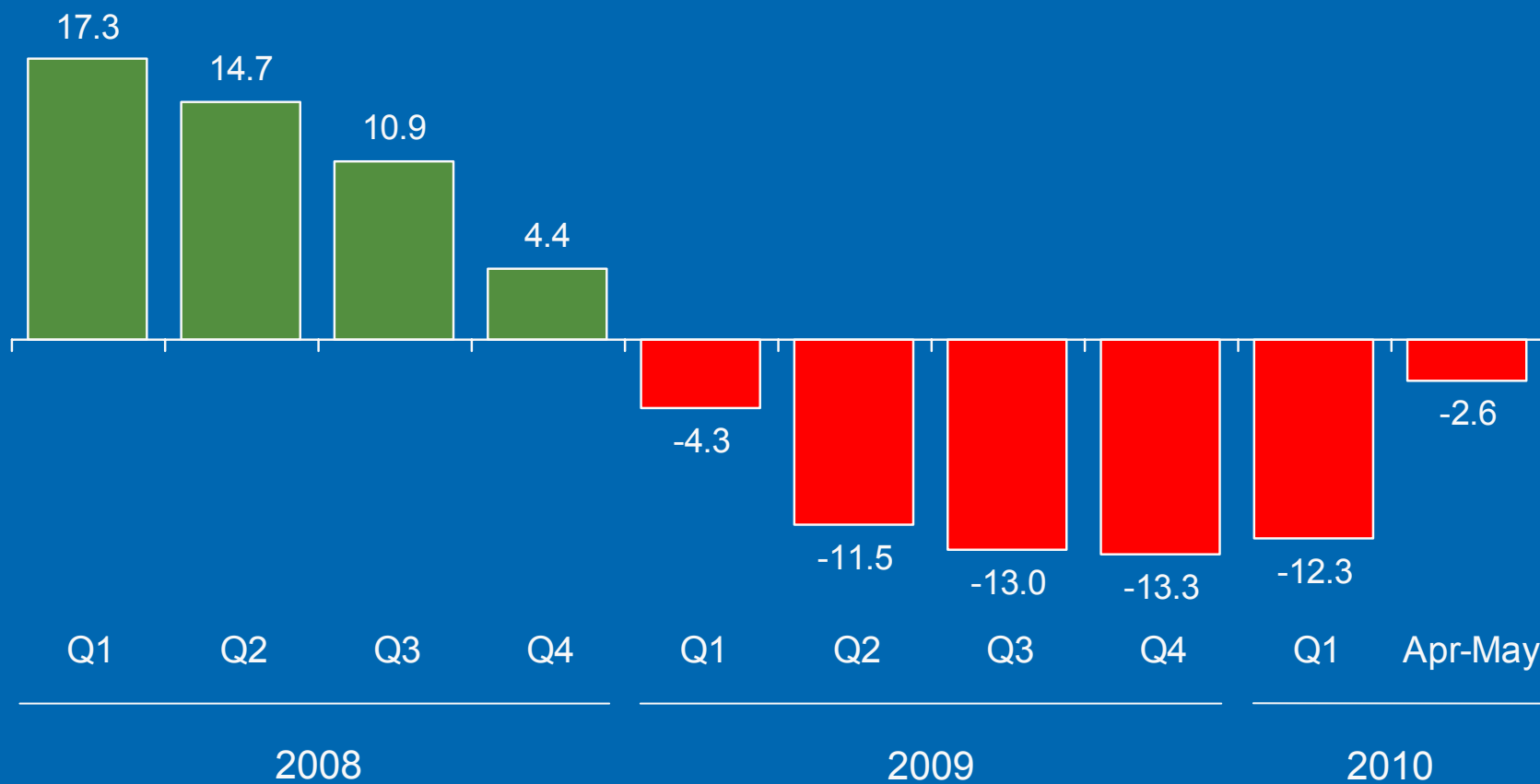
2009 Share of Market (%)





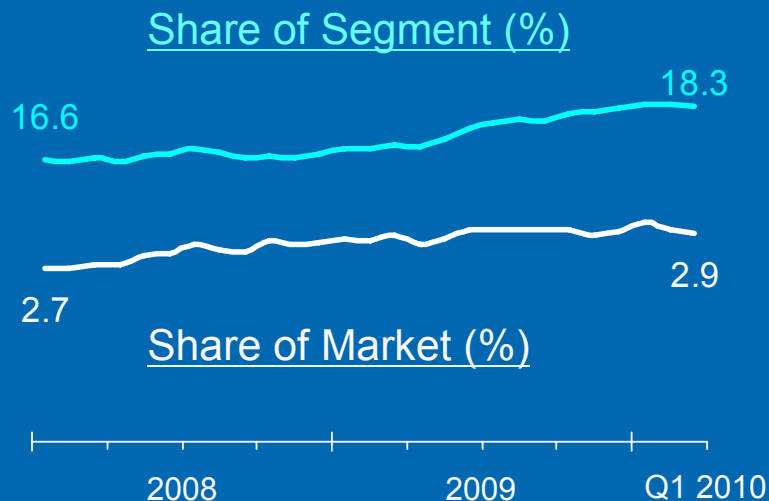
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Russia – PMI Premium Brands Growth vs. PY



Note: In-market sales volumes
Source: PMI estimates

Russia – *Parliament*

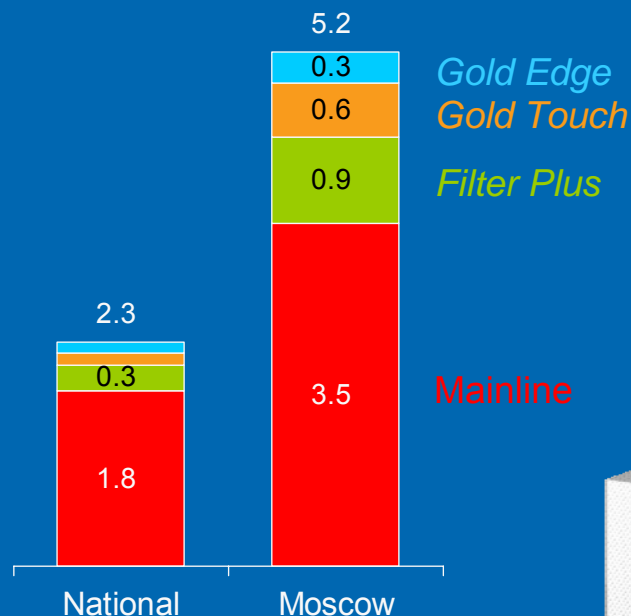


- Russia's ultimate luxury cigarette brand
- Original recessed filter
- Above premium pricing
- Smoker share LA (min 18) - 24 ("YAS"):
 - National: 6.2%
 - Moscow: 14.4%



Russia – Marlboro

Q1, 2010
Share of Market (%)

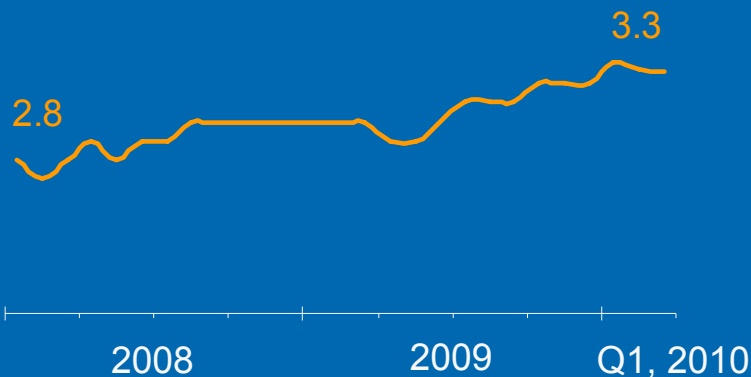


- Unique marketing and promotional platforms
- Relevant innovation
- YAS share:
 - National: 4.5%
 - Moscow: 7.7%



Russia – *Chesterfield*

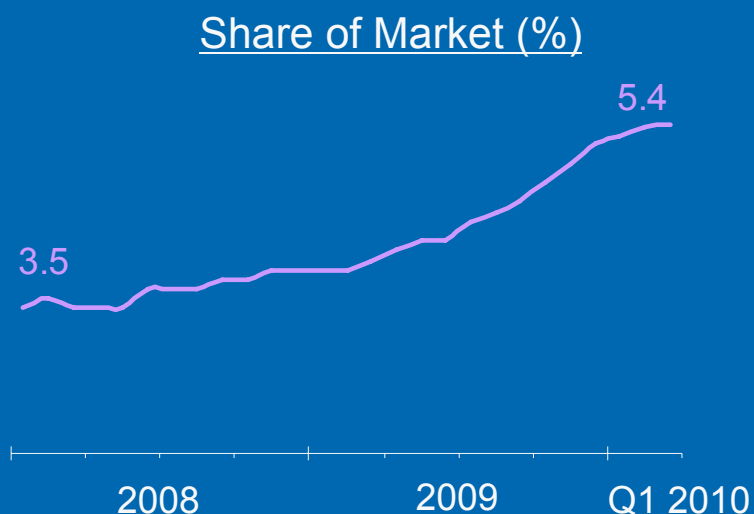
Share of Market (%)



- Authenticity, quality
- Distinctive packaging
- Top of mid-price segment
- YAS share: 5.4%



Russia – *Bond Street*



- Affordable, international quality
- Modern packaging
- Top of value-price segment
- Best performing brand in Russia





Russia – Excise Taxation

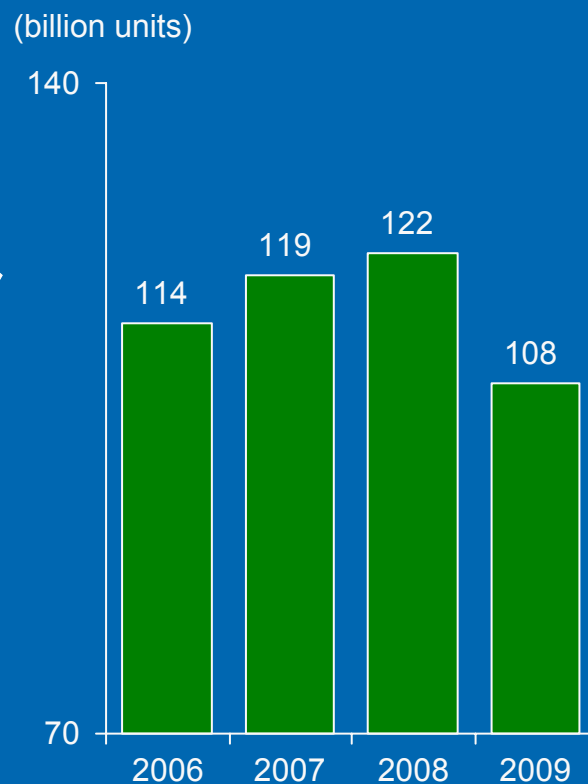
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Ad Valorem (% of MRSP)	5.0%	5.5%	6.0%	6.5%	7.0%	7.5%
Specific (RUB/000 cigs.)	100	120	150	205	250	305
Minimum (RUB/000 cigs.)	115	142	177	250	305	375



Ukraine – Overview



Total Market Evolution





Ukraine – Business Environment

- Economic recovery
- Stable mix despite excise tax and affordability issues
- Excise tax pressure due to government revenue requirements
- Market contraction



Ukraine – Excise Taxation

	<u>Jan-09</u>	<u>May-09</u>	<u>Jan-10</u>	<u>Jul-10</u>
• Three excise tax increases since January 2009				
Specific (UAH/000 cigs.)	30	60	69	90
Ad Valorem (% of RSP net of VAT) ^(a)	16%	20%	20%	25%
• Retail Prices (UAH/pack)				
<i>Marlboro</i>	6.25	8.00	9.00	
<i>Optima</i>	2.50	4.50	5.25	
• These price increases improved our unit margins				

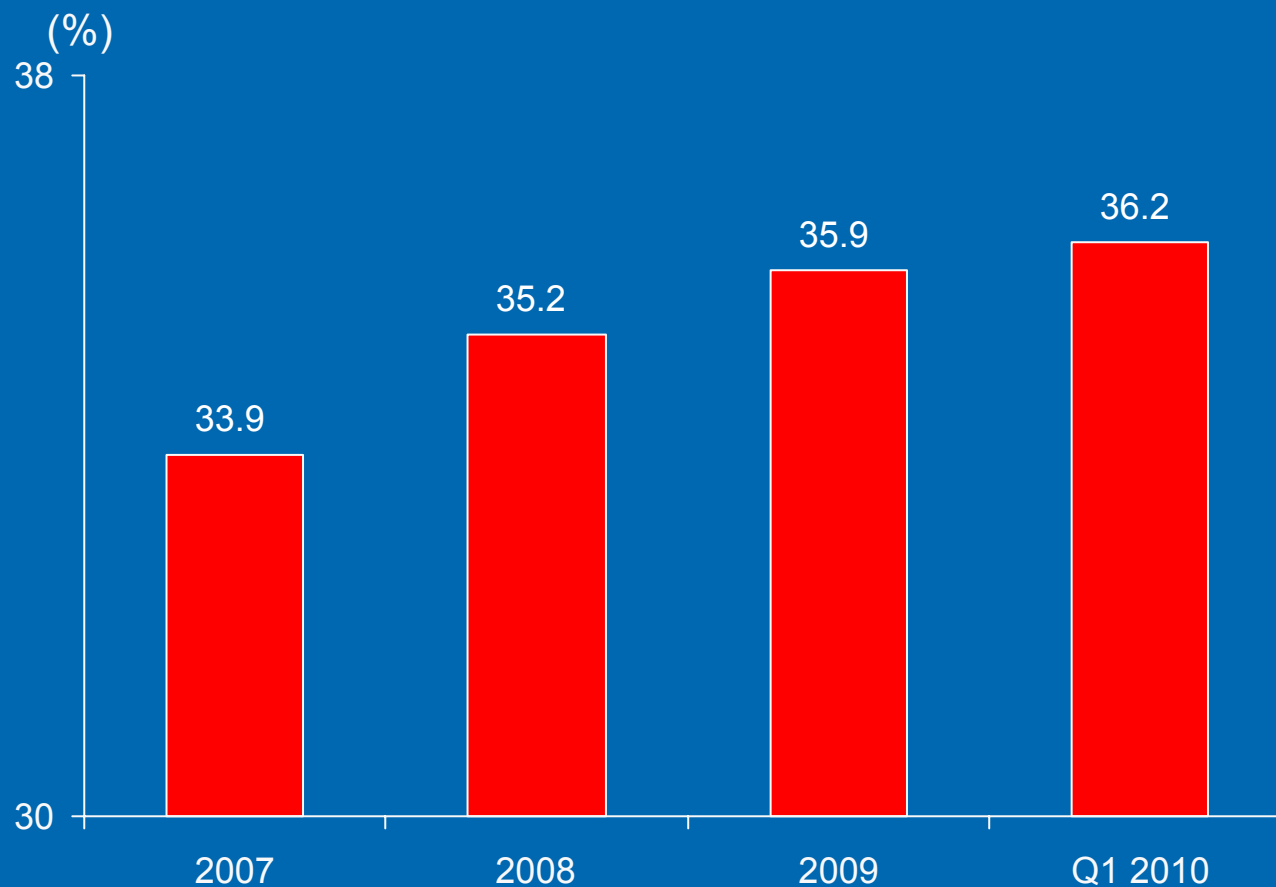
(a) % of RSP net of taxes

Source: Ukraine Ministry of Finance and PMI Financials



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Ukraine – PMI Market Share

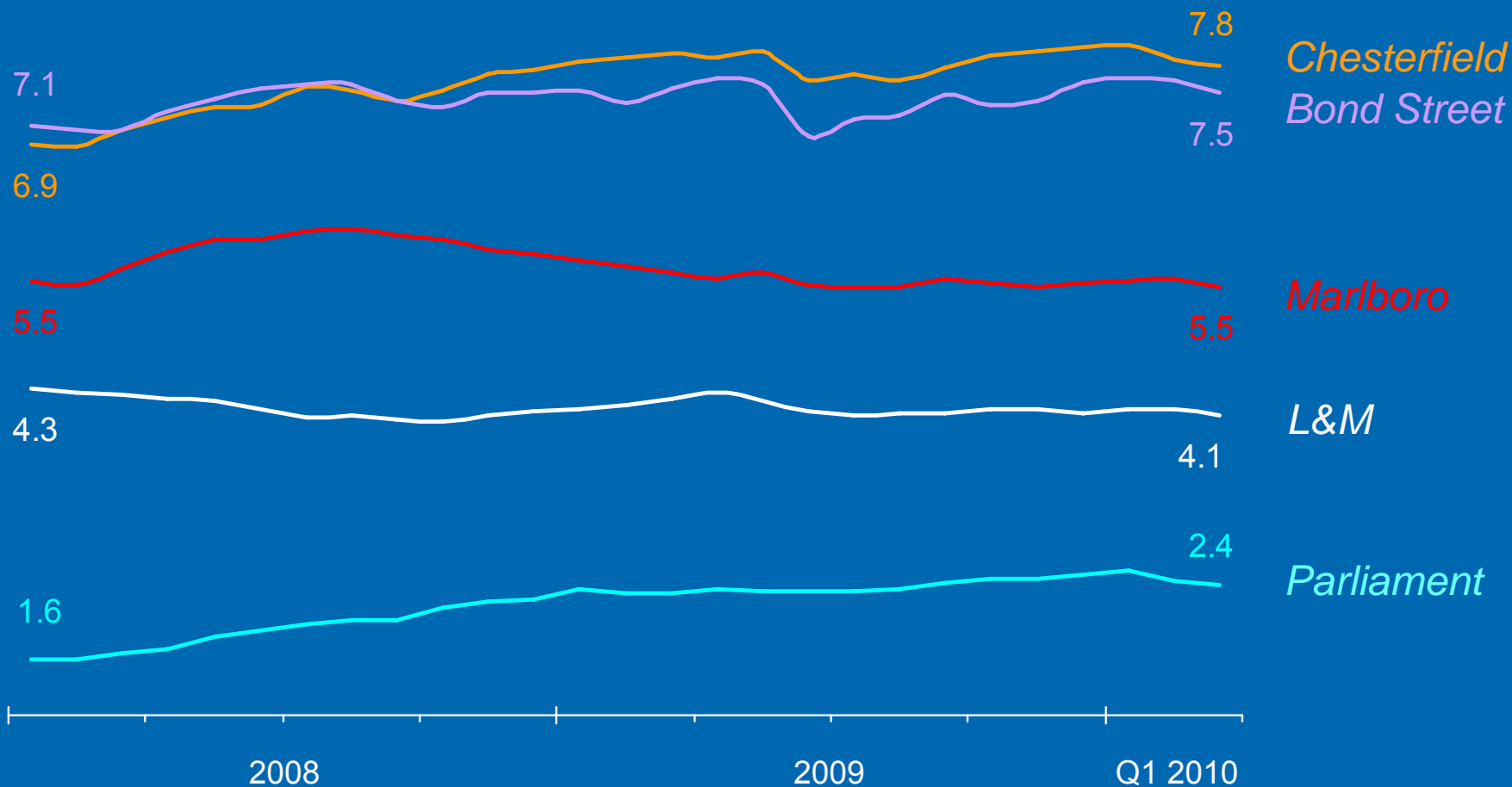




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Ukraine – PMI Brand Shares

Share of Market (%)



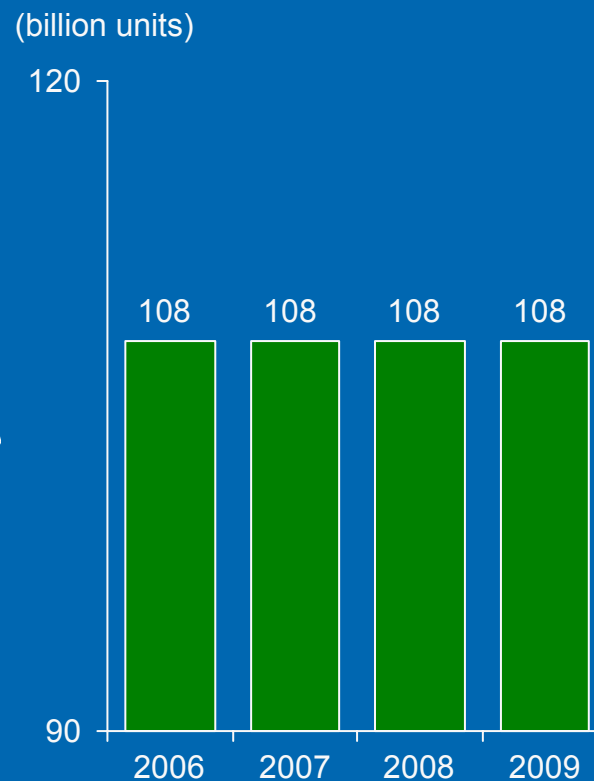


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Turkey – Overview



Total Market Evolution





Turkey – Excise Taxation

	<u>Jun-09</u>	<u>Jan-10</u>
• Excise tax increases		
Ad Valorem (% of RSP)	58%	63%
Minimum (TRL/000)	102.5	132.5
• Retail Prices (TRL/pack)		
<i>Marlboro</i>	5.50	7.00
<i>Lark</i>	3.50	4.50
• These price increases improved our unit margins		



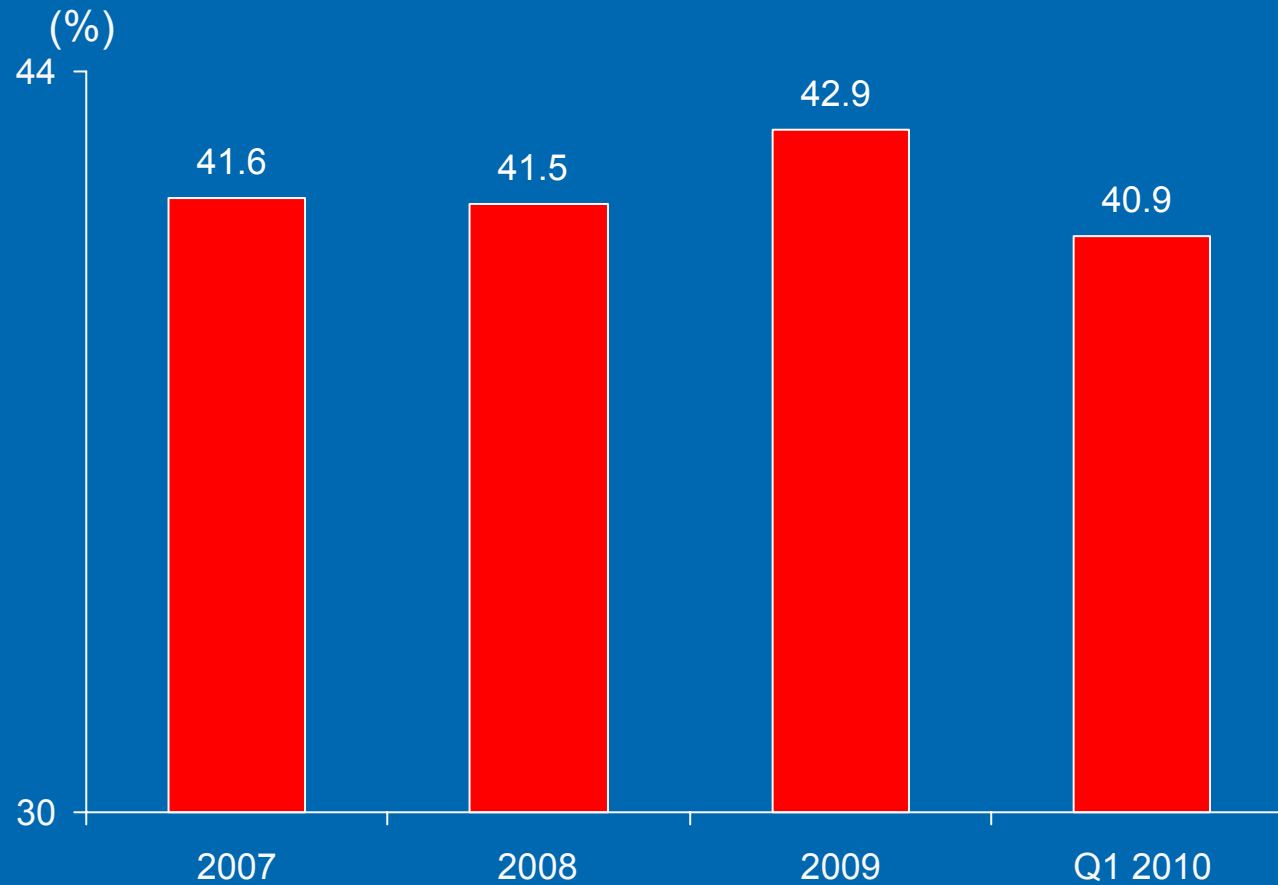
Turkey – Business Environment

- Large retail price increases driven by excise tax increases
- Premium brands under market share pressure
- Increase in illicit trade
- Market contraction



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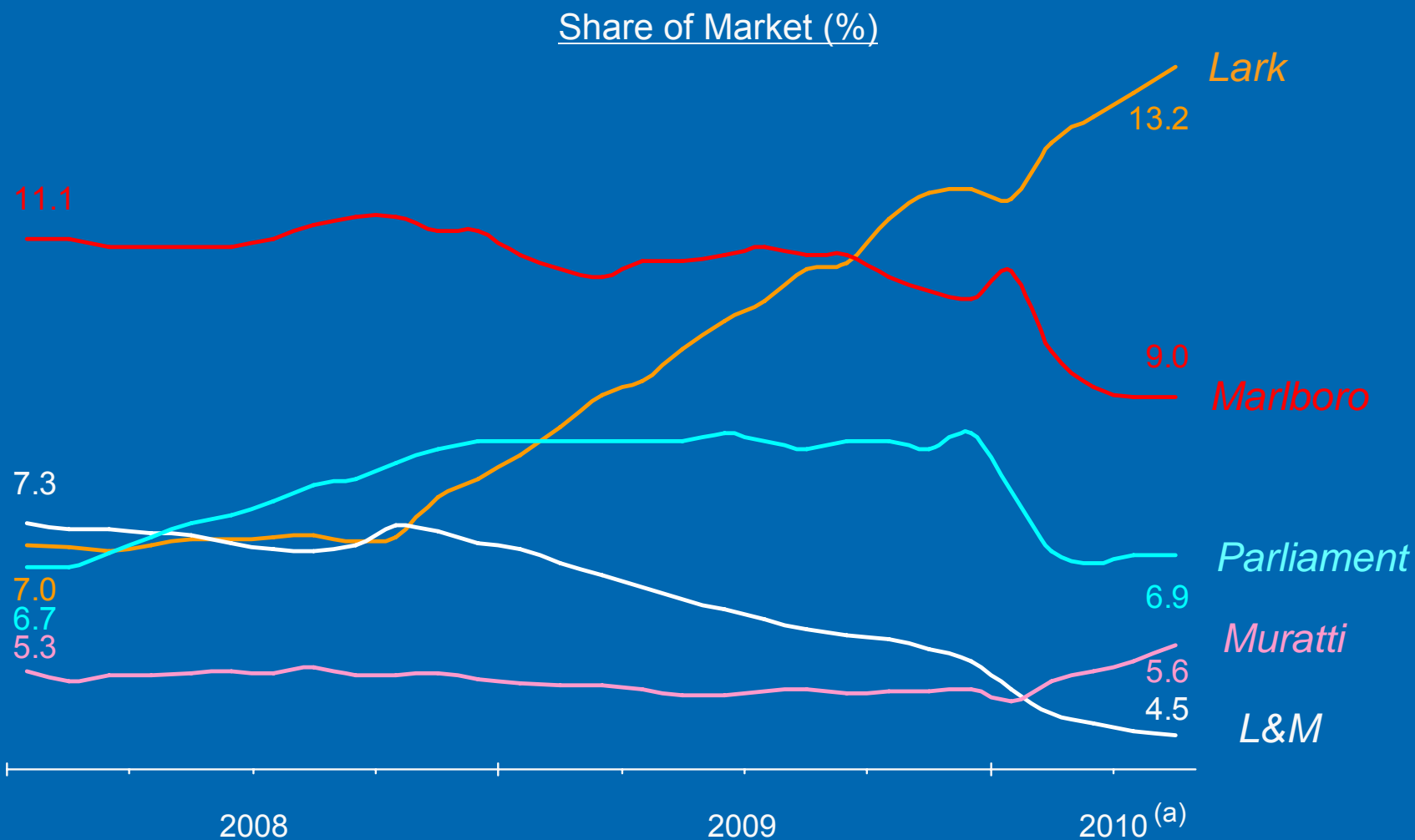
Turkey – PMI Market Share





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Turkey – PMI Brand Shares





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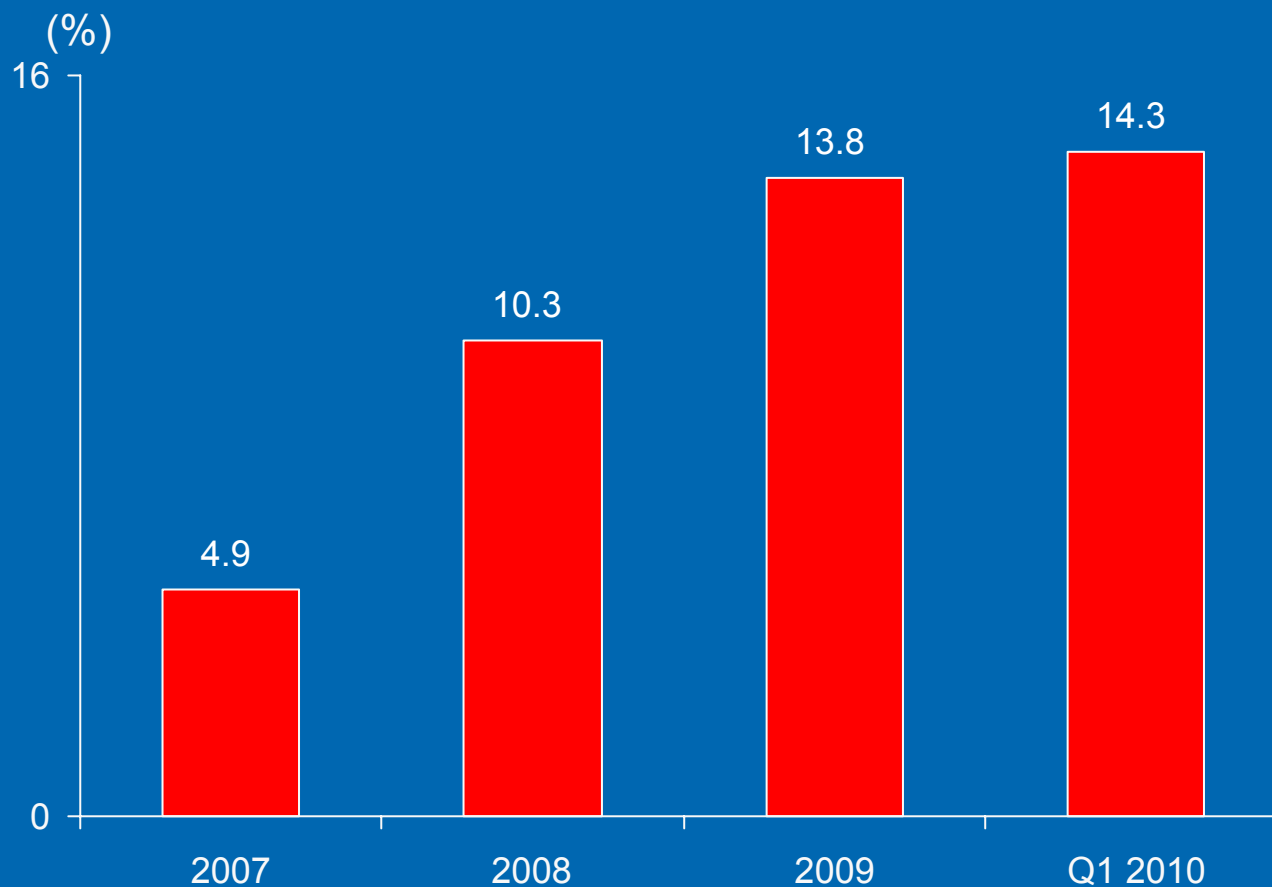
Turkey – Strategies

- Reinforce *Marlboro* through innovative line extensions
- Strengthen mid and low-price portfolio
- Work towards excise tax reform



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Bulgaria – PMI Market Share

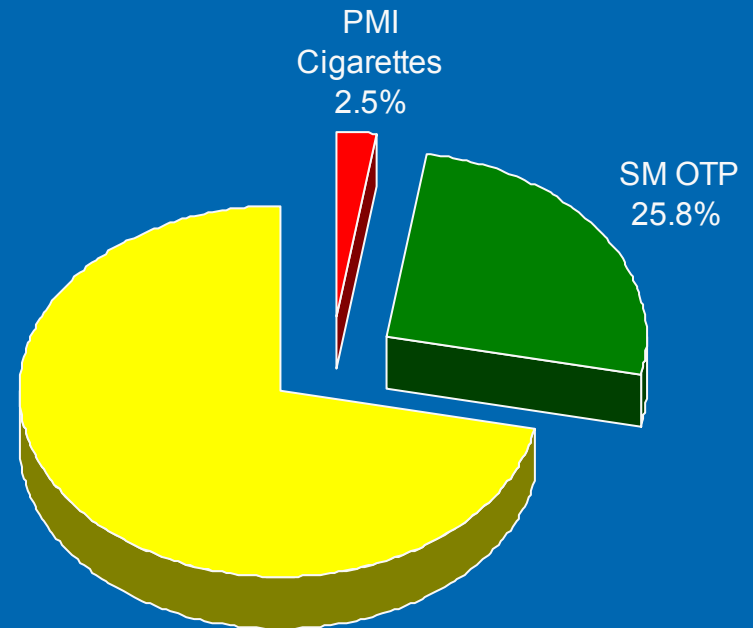




South Africa – Acquisition

- Swedish Match (“SM”) market leader in pipe tobacco and snuff categories
- PMI gains real presence and a manufacturing base
- Share gains from joint distribution and field force expansion

2009 Total Tobacco Market

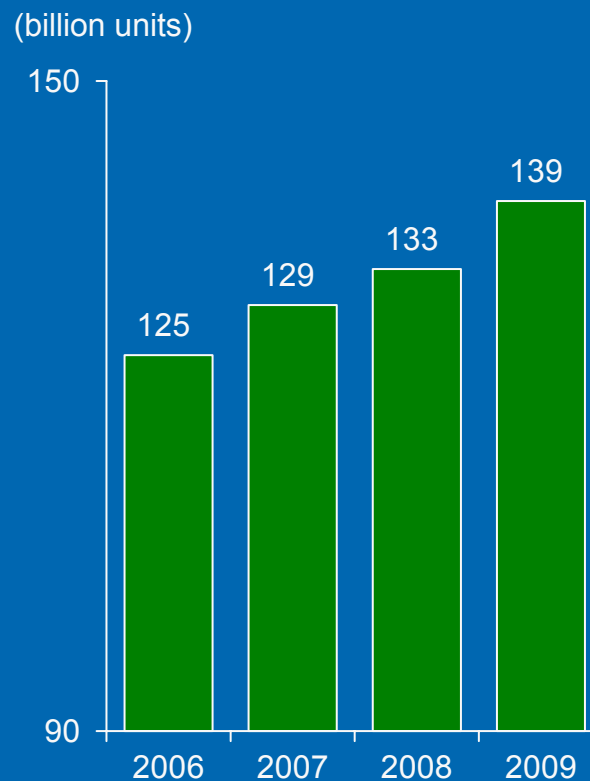




North Africa – Overview



Total Market Evolution





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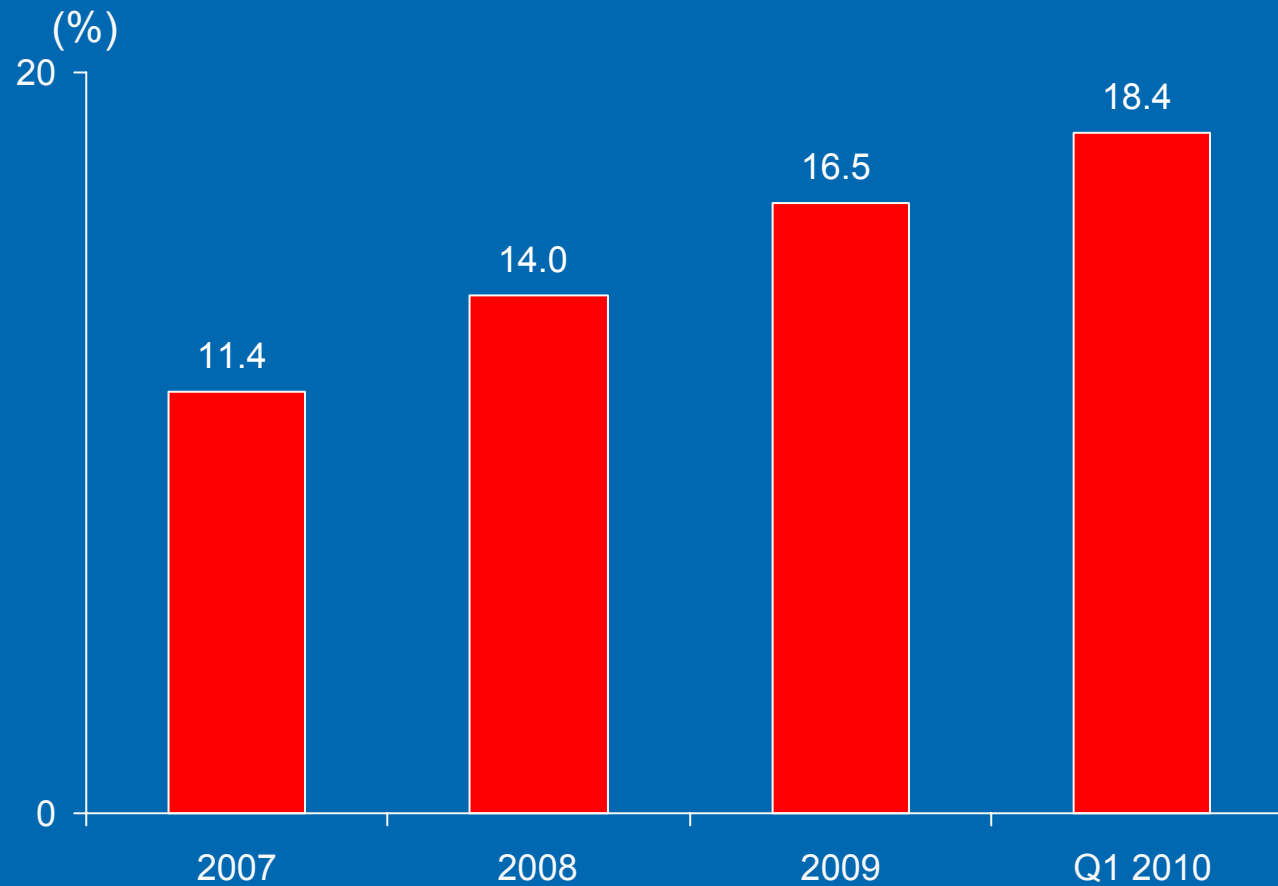
North Africa Business Structure

- Algeria
 - Market entry Mar 2005
 - Local manufacturing with STAEM Apr 2009
- Morocco
 - Local manufacturing with Imperial Sep 2009
- Egypt
 - Local manufacturing with Eastern Nov 1985
- Other Markets
 - Imports



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North Africa – PMI Market Share





Conclusion

- Gradual economic recovery
- Downtrading is stabilizing
- Broad and vibrant brand portfolio
- Share gains in most major markets
- Excise taxation manageable, but some large recent increases
- Significant pricing potential
- Continued robust OCI growth



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2010
INVESTOR DAY

Investor Day – EEMA 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
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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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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	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
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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)

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		Less Currency					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 – EEMA Region
Lausanne, June 23, 2010**