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2010
INVESTOR DAY

Investor Day – Operations Lausanne, June 24, 2010

Martin King

Senior Vice President, Operations

Philip Morris International



Agenda

- Operations overview
- Cost focus
- Supply chain optimization
- Innovation and quality leadership
- Environment, Health & Safety programs
- People development
- Conclusions



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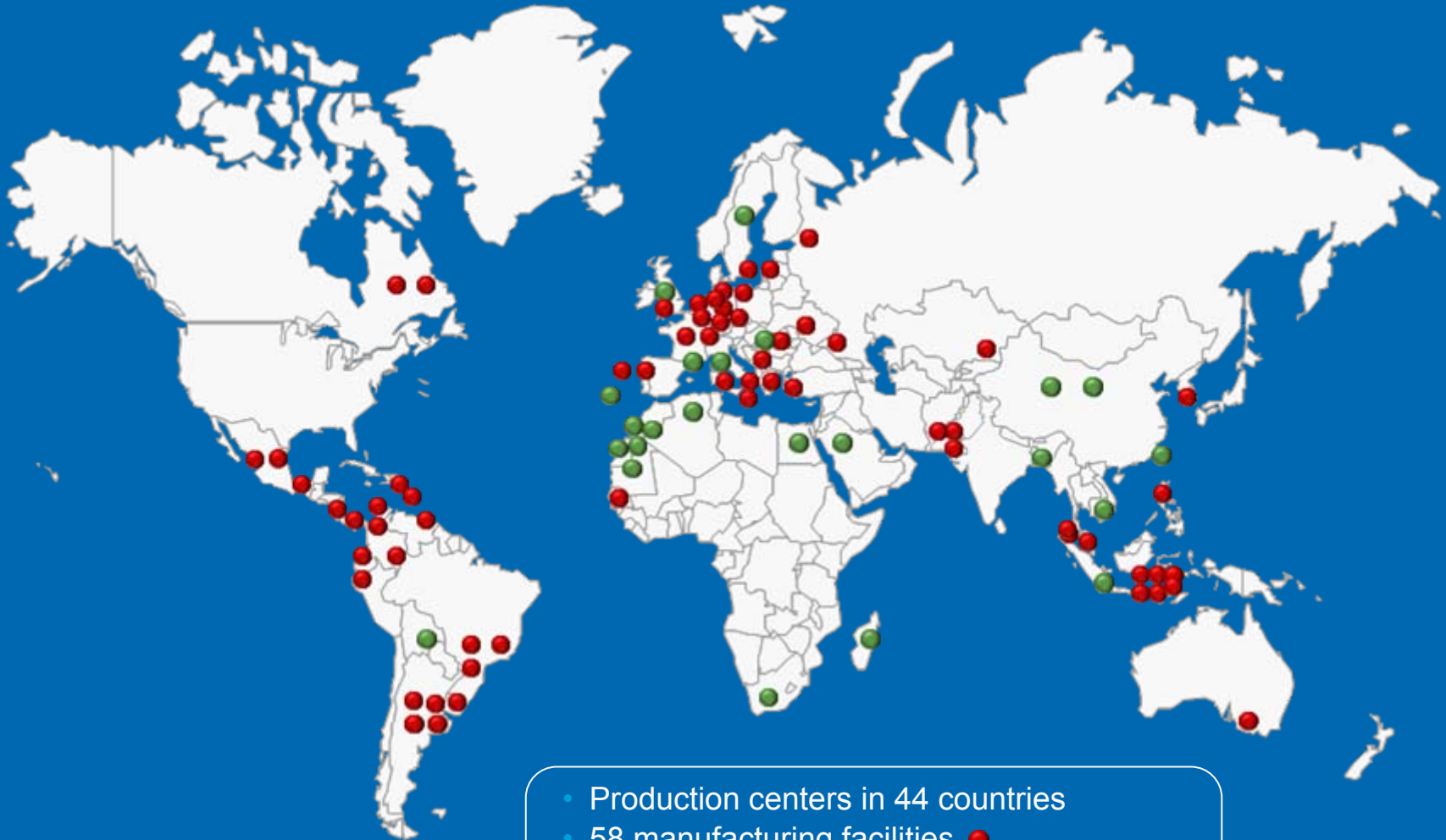
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Operations overview

PMI operates cigarette and non-cigarette manufacturing facilities worldwide



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- Production centers in 44 countries
- 58 manufacturing facilities ●
 - 40 machine-made cigarette facilities
- Cooperation with 30 TPMs and 37 TPOs ●



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More than 50,000 people work in Operations

2009 headcount (employees 000)

Product Development & Operations Center

1.0

Hand-made

19.8

30.1

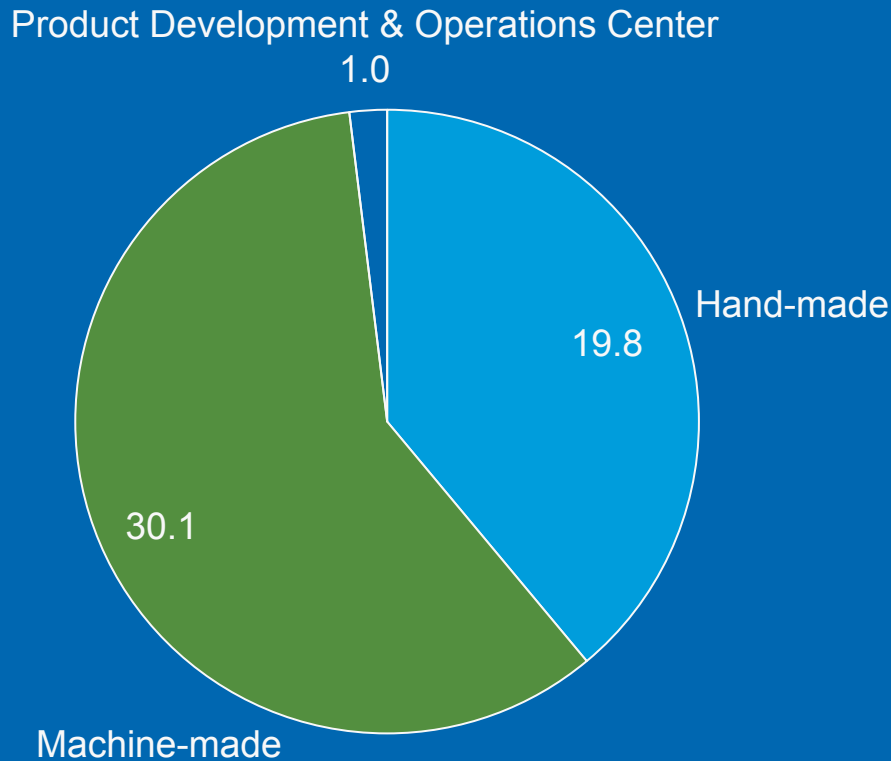
Machine-made



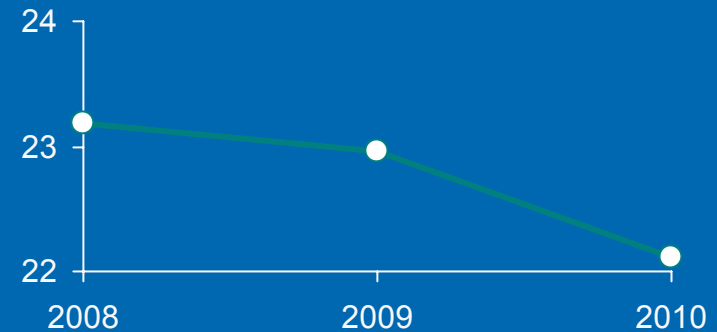
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More than 50,000 people work in Operations

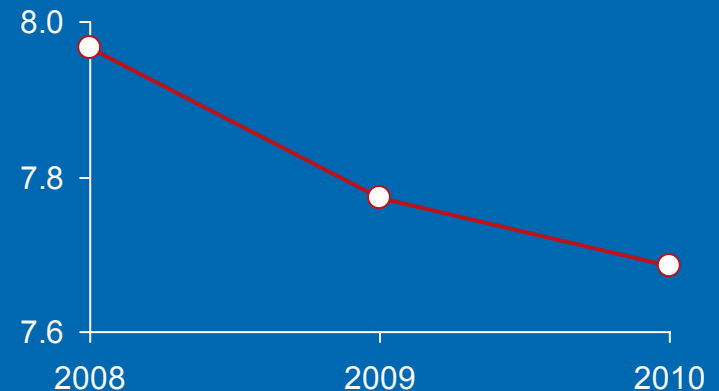
2009 headcount (employees 000)



Machine-made variable headcount (employees 000)



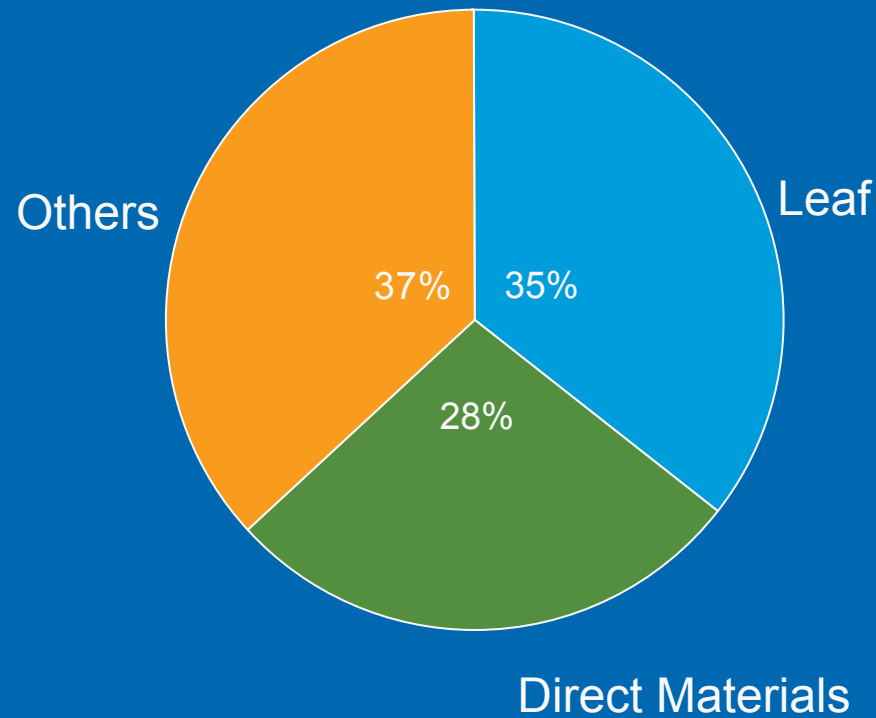
Fixed headcount (employees 000)





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Total cost of sales in 2009 was \$9.0 billion



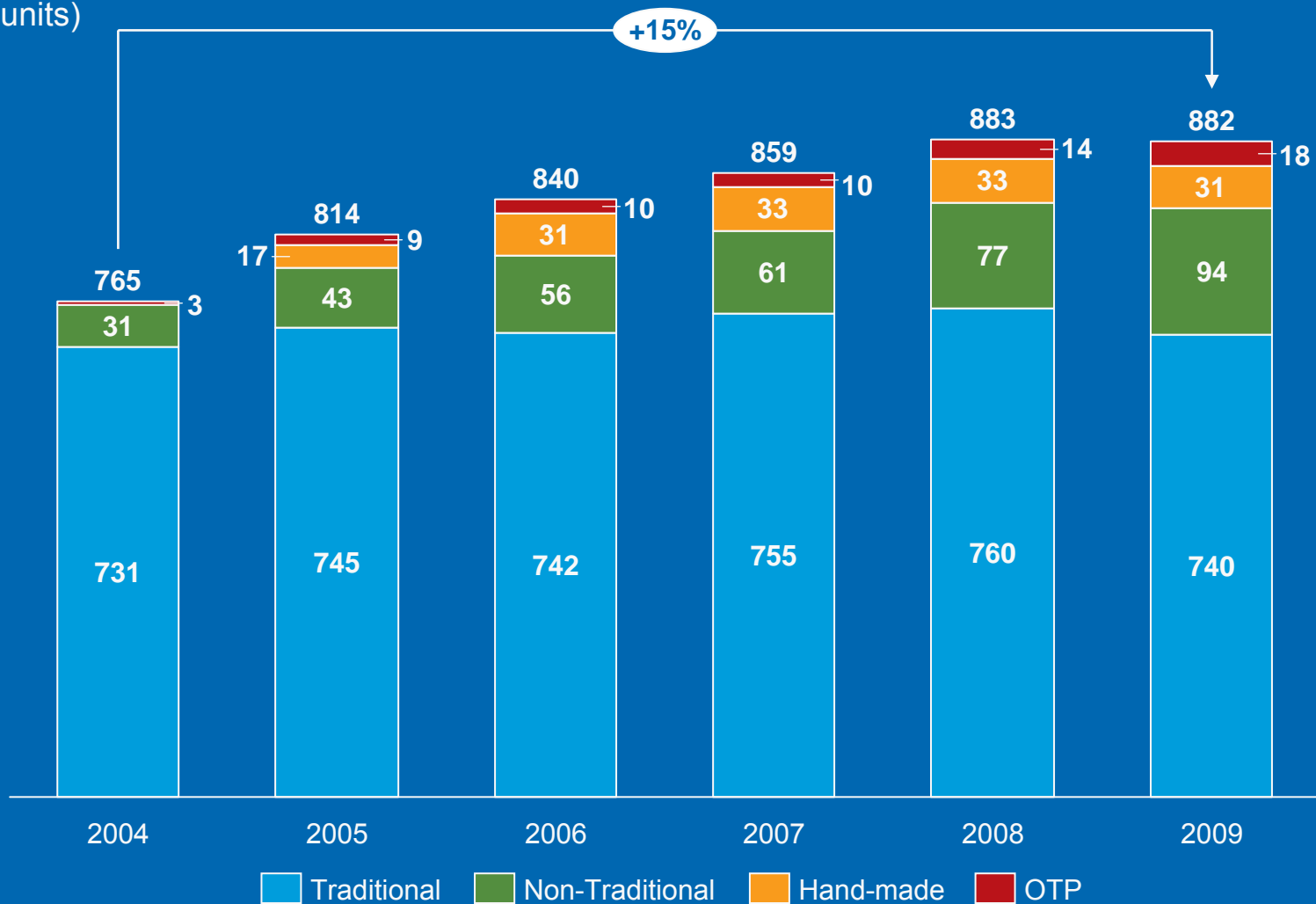
Note: Other cost of sales includes fixed costs, variable labor costs, third party manufacturing costs, and shipping and distribution
Source: PMI Operations Finance



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Sales volume by type

(billion units)



Volume includes TPMs

Traditional format: Pack type: Box, Round Corner Box, Soft / Diameter: regular / Length: Regular size, Long Size, King Size 100mm / Stick count: any

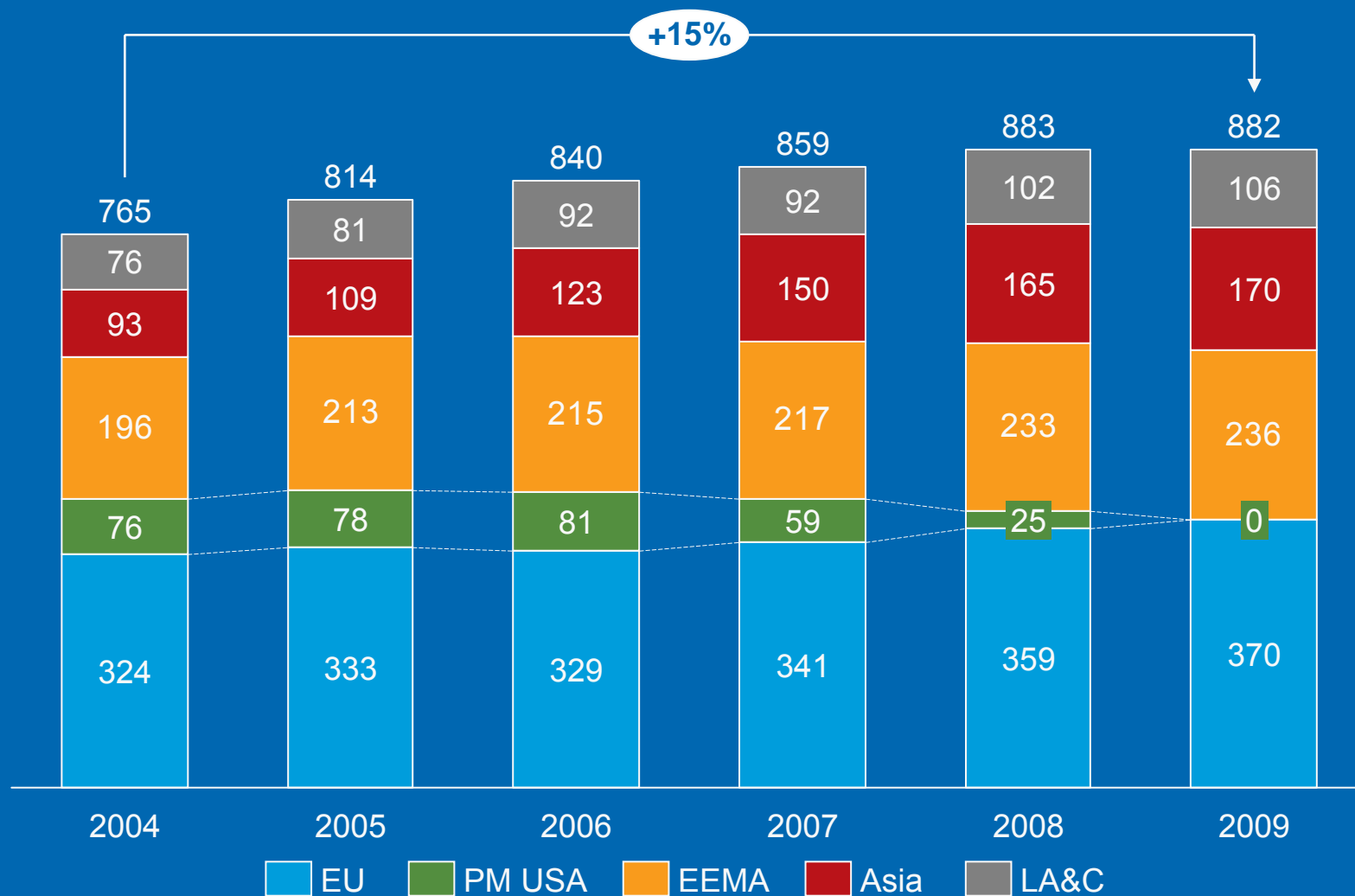
Source: PMI Operations Finance



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Sales volume by production source

(billion units)





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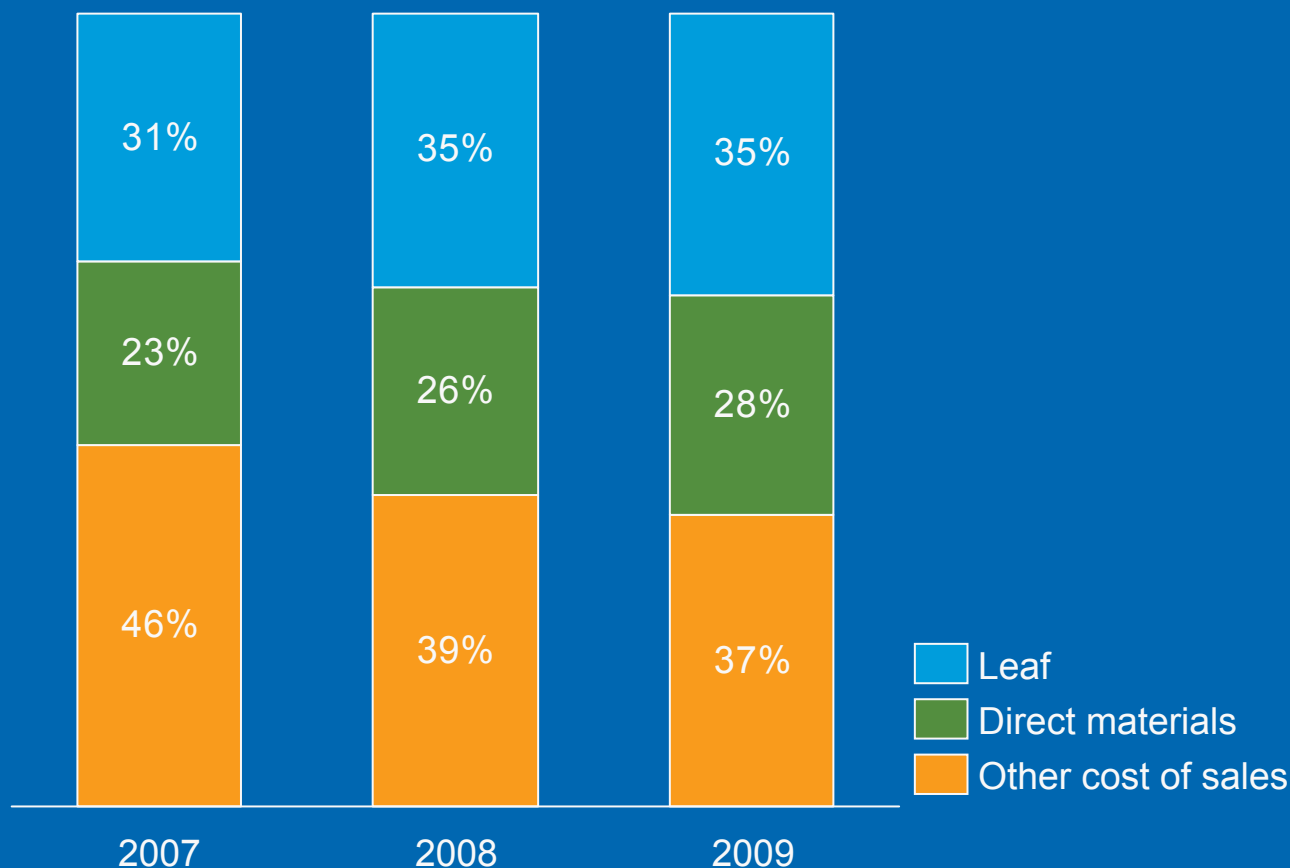
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Cost focus



Leaf and direct materials costs have increased

Cost of sales breakdown

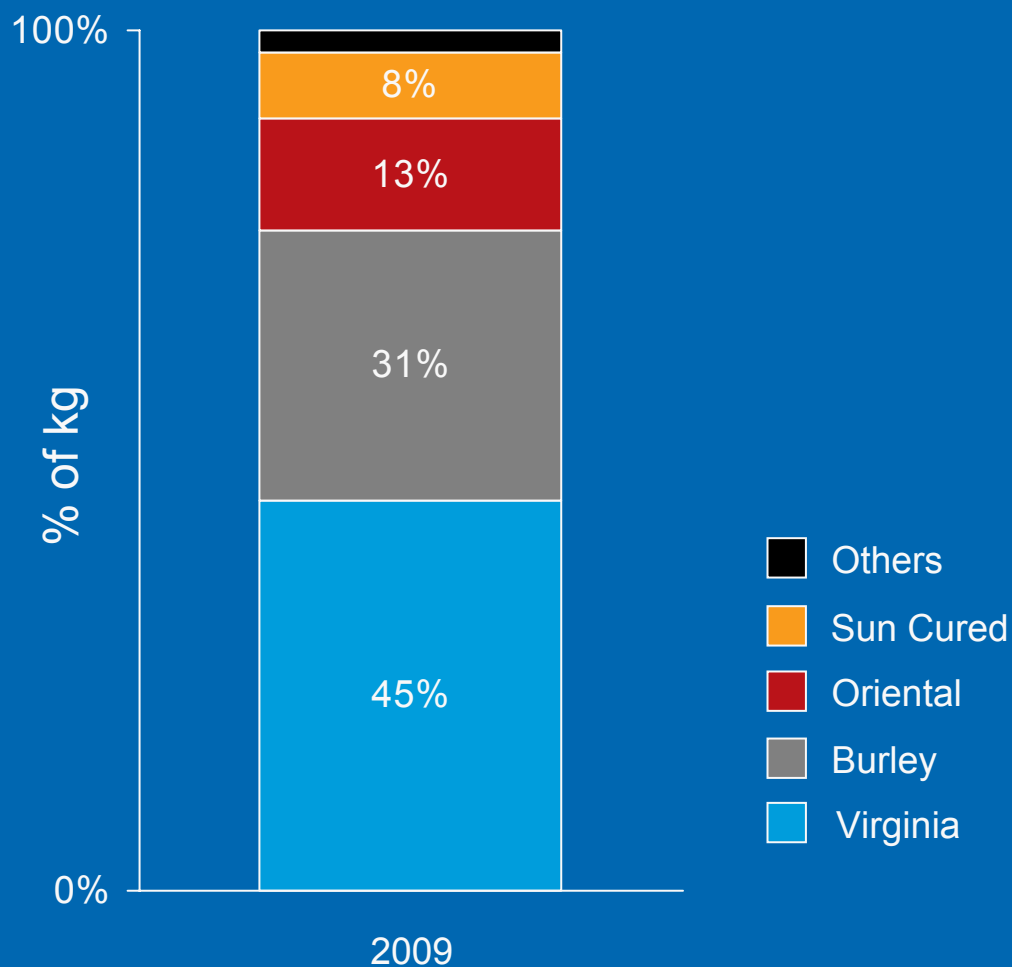


Note: Other cost of sales includes fixed costs, variable labor costs, third party manufacturing costs, and shipping and distribution

Source: PMI Operations Finance



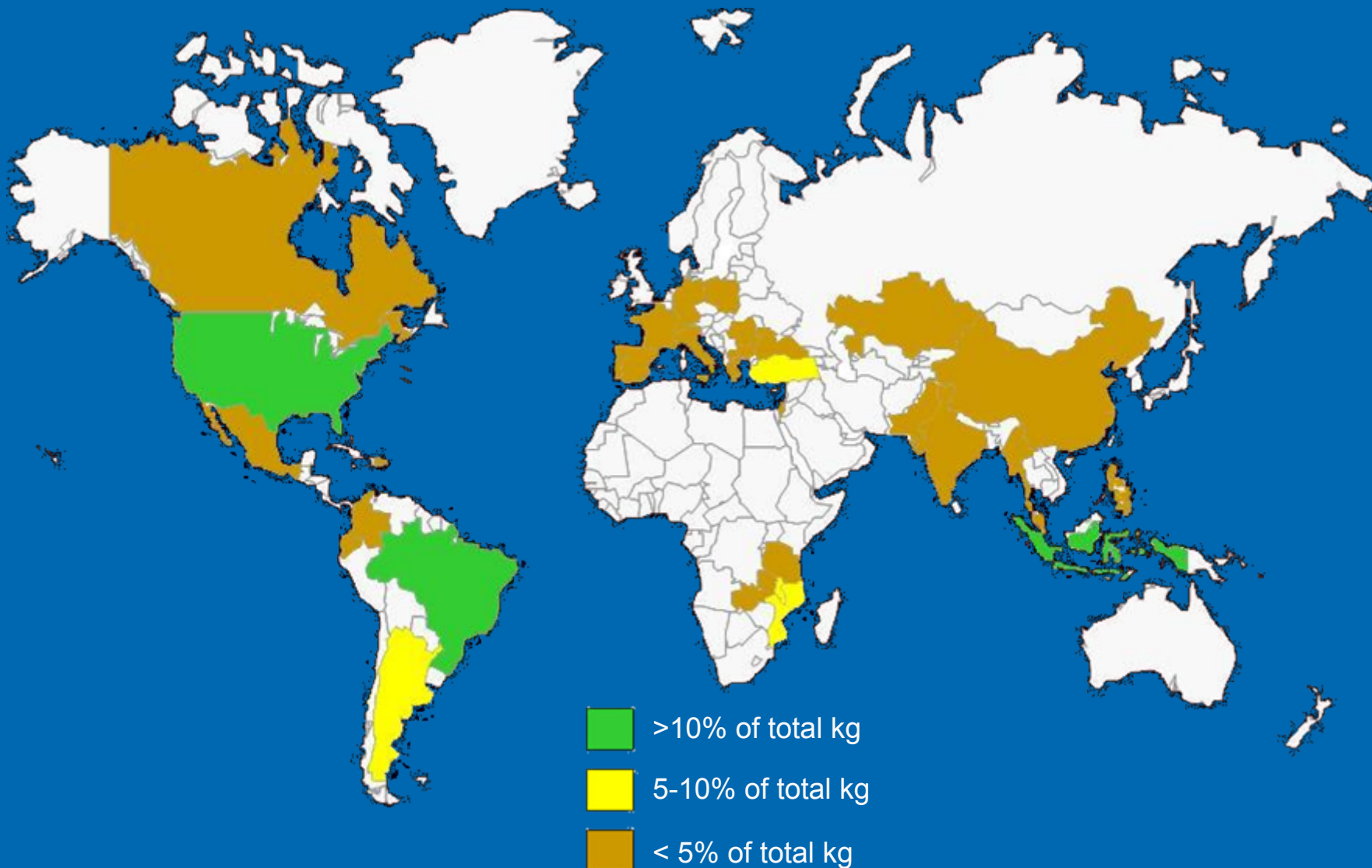
PMI leaf purchases by type





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PMI leaf purchases by key origin





Leaf supply and demand



Note: Virginia, Burley and Oriental in million kilograms packed, excluding China

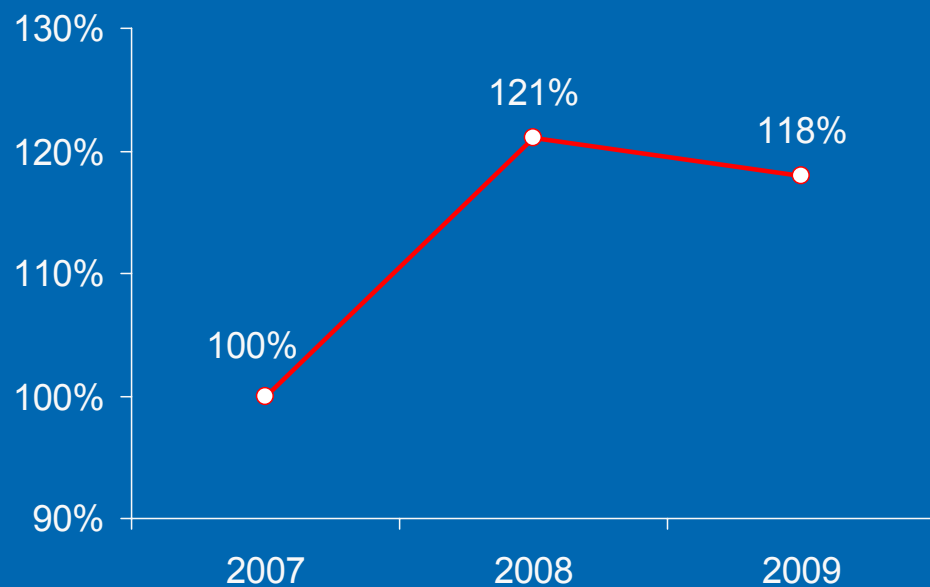
(a) Supply = Production + Supplier inventories; Demand = Consumption – Manufacturers inventory reduction

Source: PMI estimates



Leaf purchase price

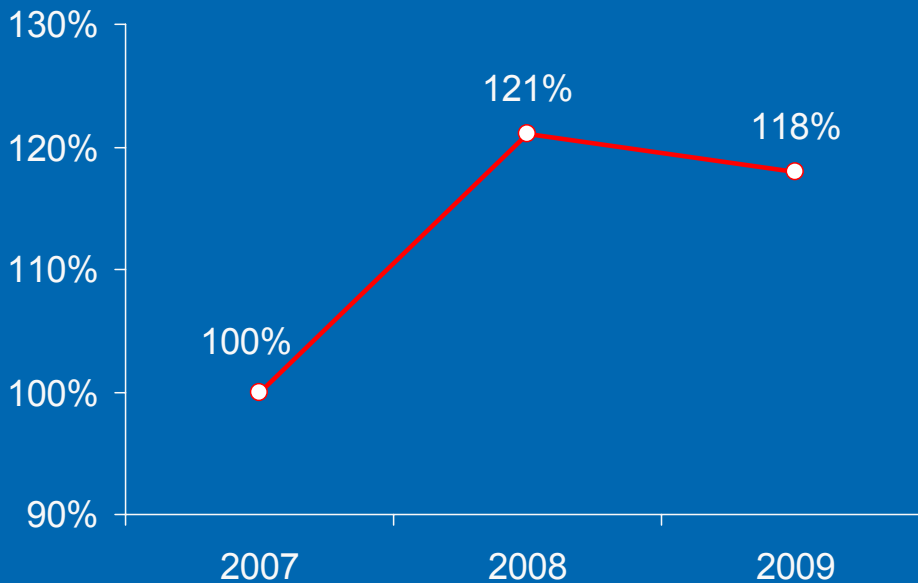
Leaf purchase price evolution



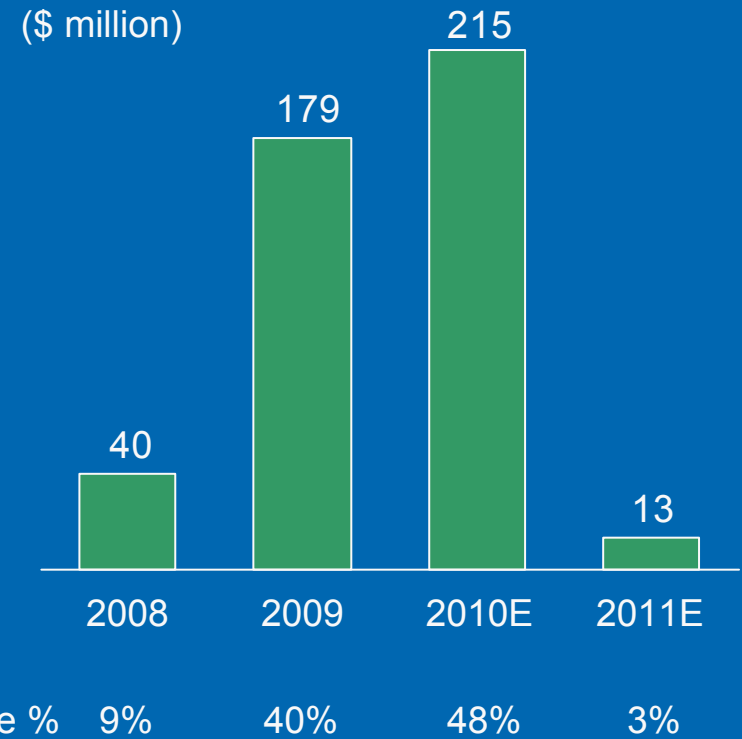


Leaf purchase price

Leaf purchase price evolution



Impact of 2008 price increase on
cost of sales (approx. \$450 million)



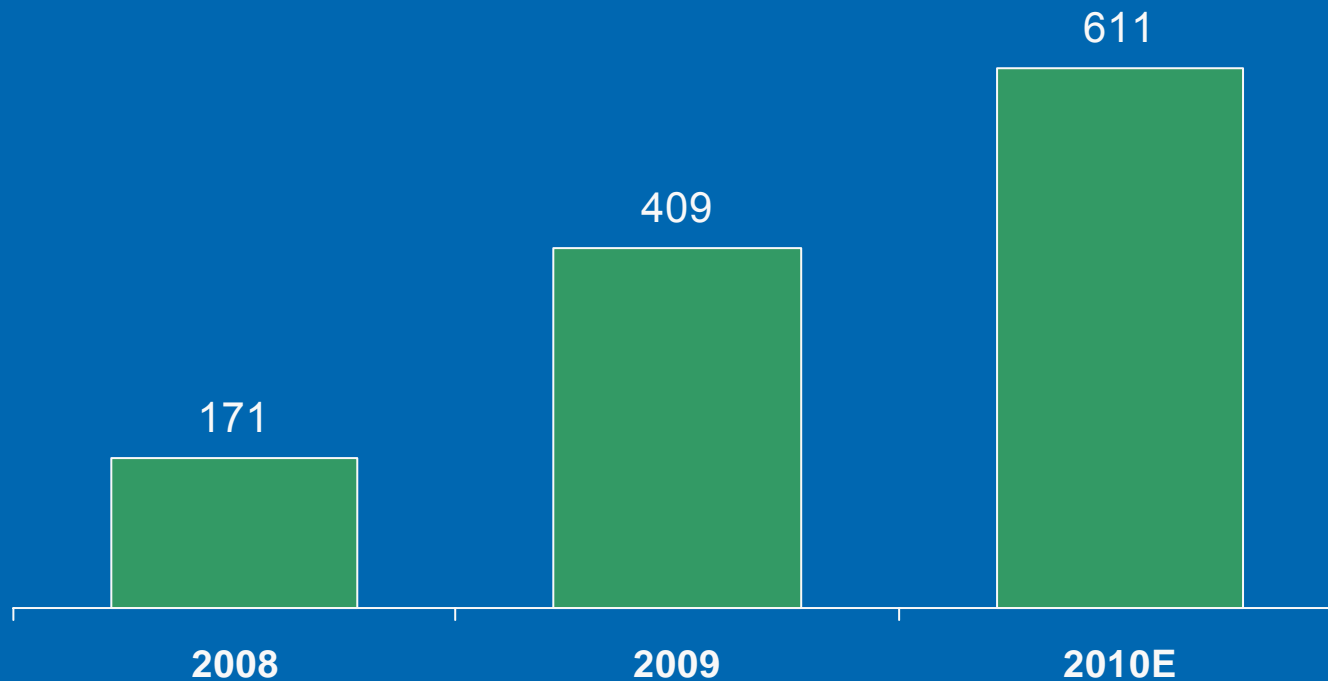


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Cumulative leaf impact on income statement

Cumulative effect of leaf price increases
on the 2008-2010 income statement

(\$ million)





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Leaf strategy

- Secure availability of volumes, predictability of prices and quality
- Optimize inventory management
- Promote sustainability in the leaf supply chain



Leaf vertical integration in Brazil

- On June 21, 2010, PMI announced separate agreements with Alliance One and Universal Leaf to vertically integrate leaf sourcing in Brazil
- New operation will provide approximately 50% of our purchases in Brazil and 10% of PMI's global leaf requirements
- Agreements subject to competition authority approval
- Transactions expected to be completed by the end of Q3, 2010
- Model similar to PMI's successful US leaf operation
- Total PMI leaf vertical integration will increase from 26% to 36%

Leaf vertical integration in Brazil

Key Objectives



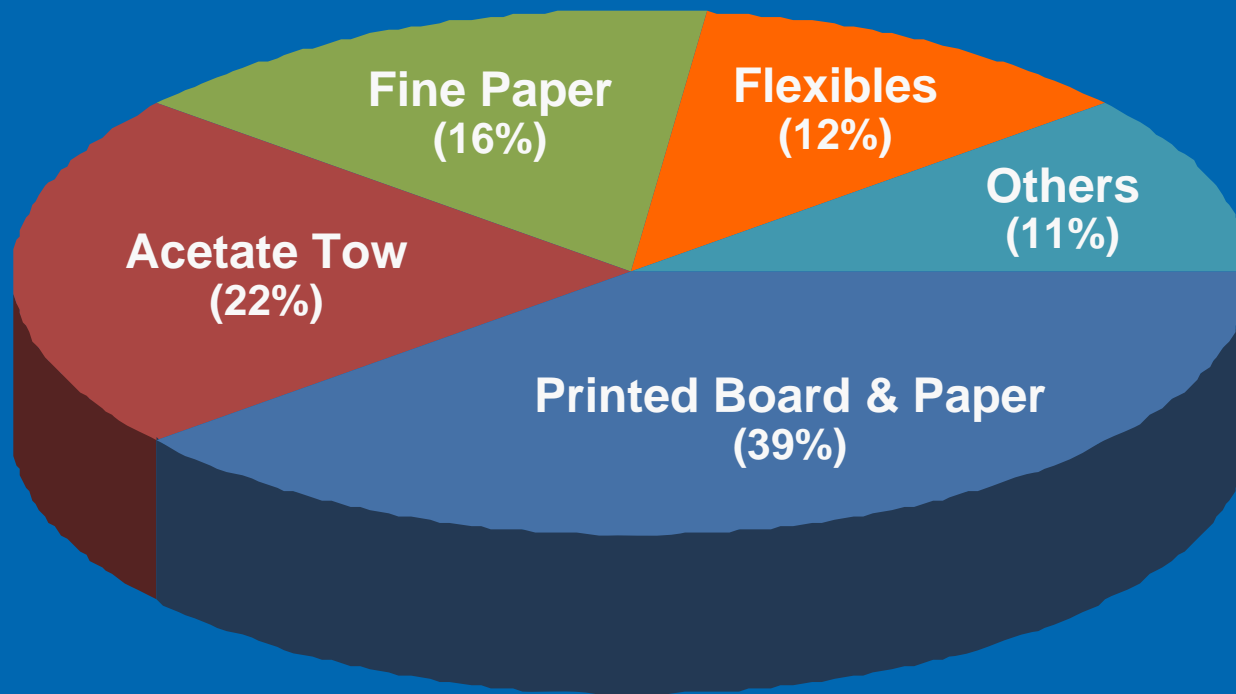
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- Better alignment of the crop to our demand
- Better control on product quality and integrity
- Cost efficiency, predictability and transparency
- Greater impact on the sustainability of the leaf supply chain



Key direct materials categories

- 2009 spend: approximately \$2.5 billion
- Three categories represent 77%





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Challenges in direct materials procurement

- Growing portfolio complexity
- Reduced Cigarette Ignition Propensity (“RCIP”) cigarette paper
- Relatively tight capacity in some categories



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Direct materials strategy

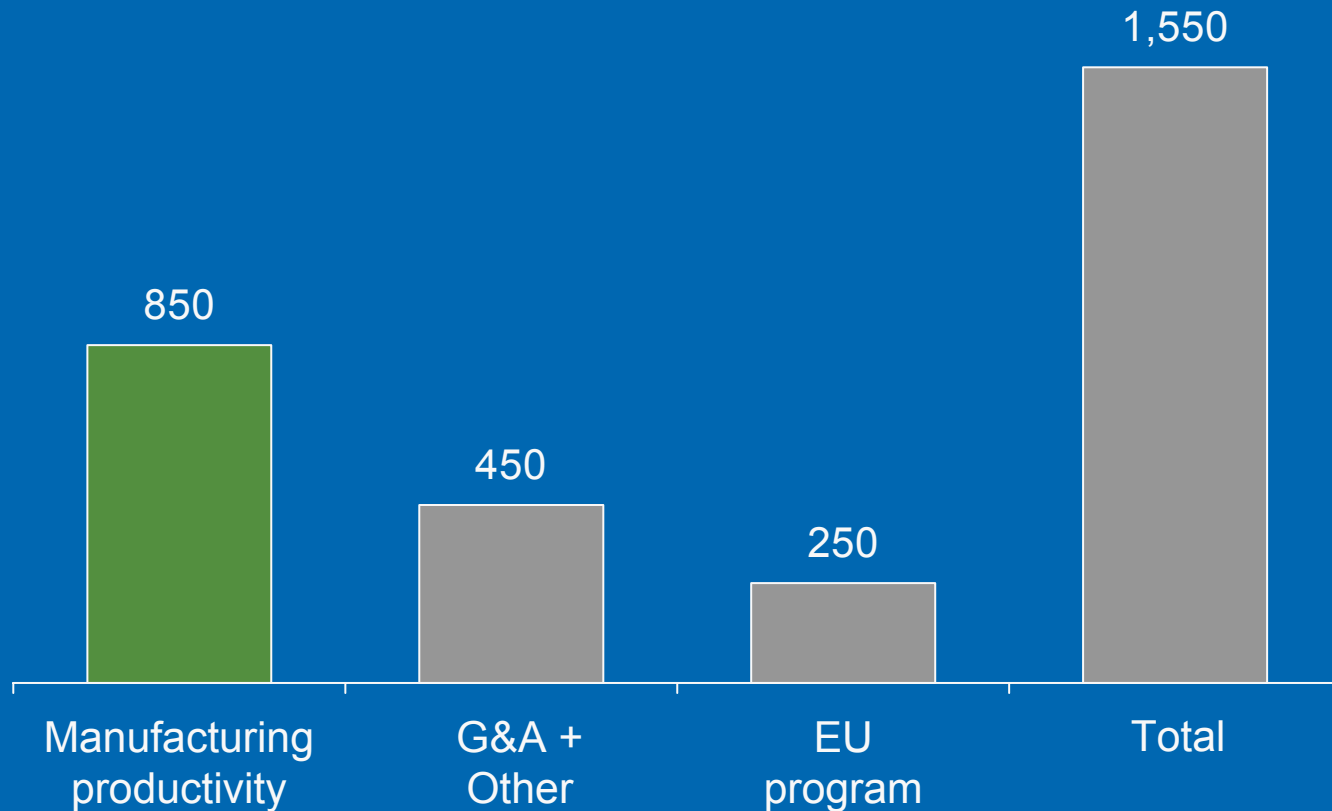
- Cost competitiveness and predictability
- Supplier relationship management
- Access to innovation



We are delivering our productivity target

Forecast cumulative gross cost savings (2008-2010)

(\$ million)





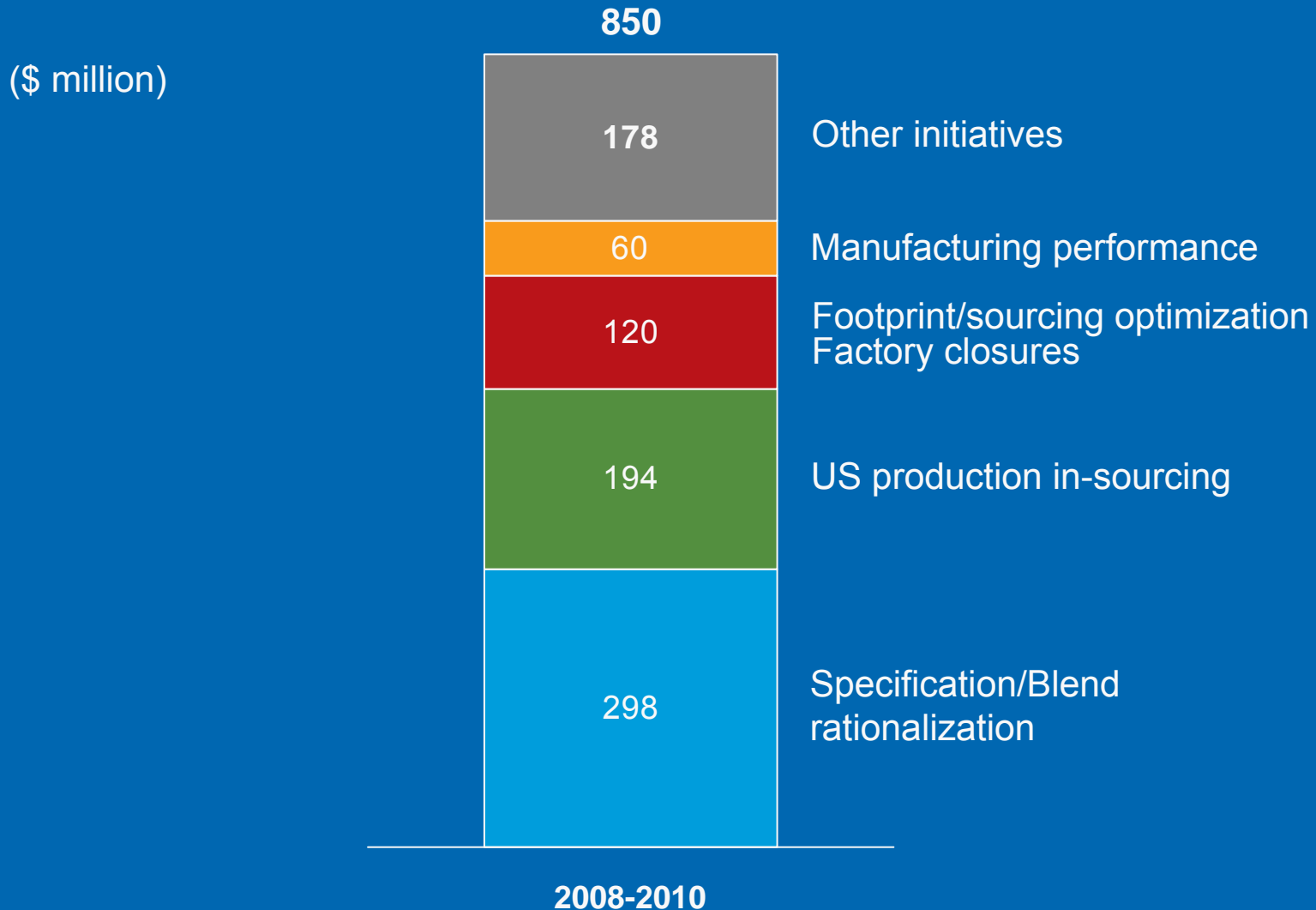
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Rational product structure choice by segment



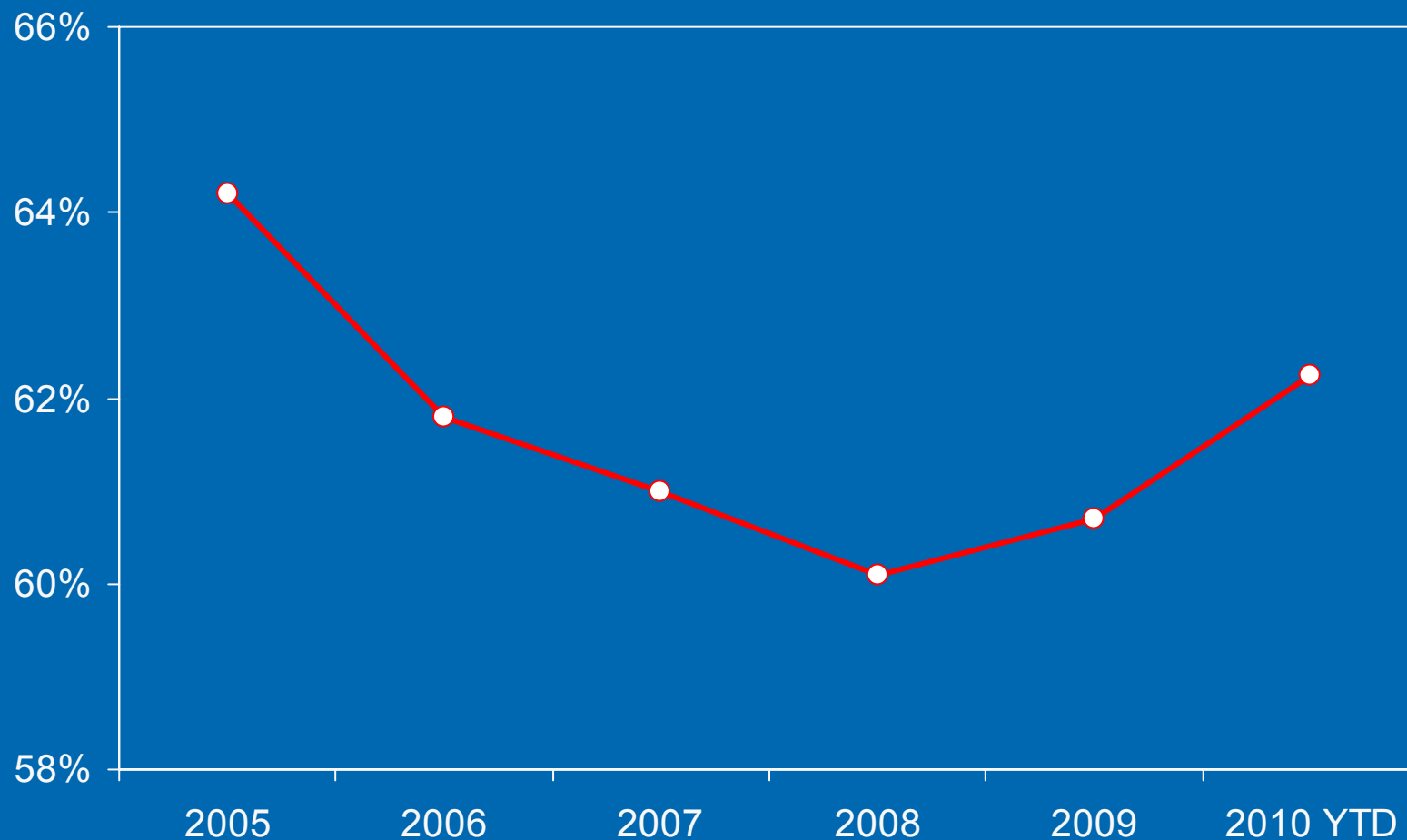


Manufacturing productivity initiatives





Equipment performance evolution



Note: 2010 YTD include results through April 2010
Source: PMI Operations Planning



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Supply chain optimization



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Develop an integrated and agile supply chain

Goal

- Contribute through inventory reduction to PMI's \$750 million to \$1 billion improvement in working capital between 2010 and 2012

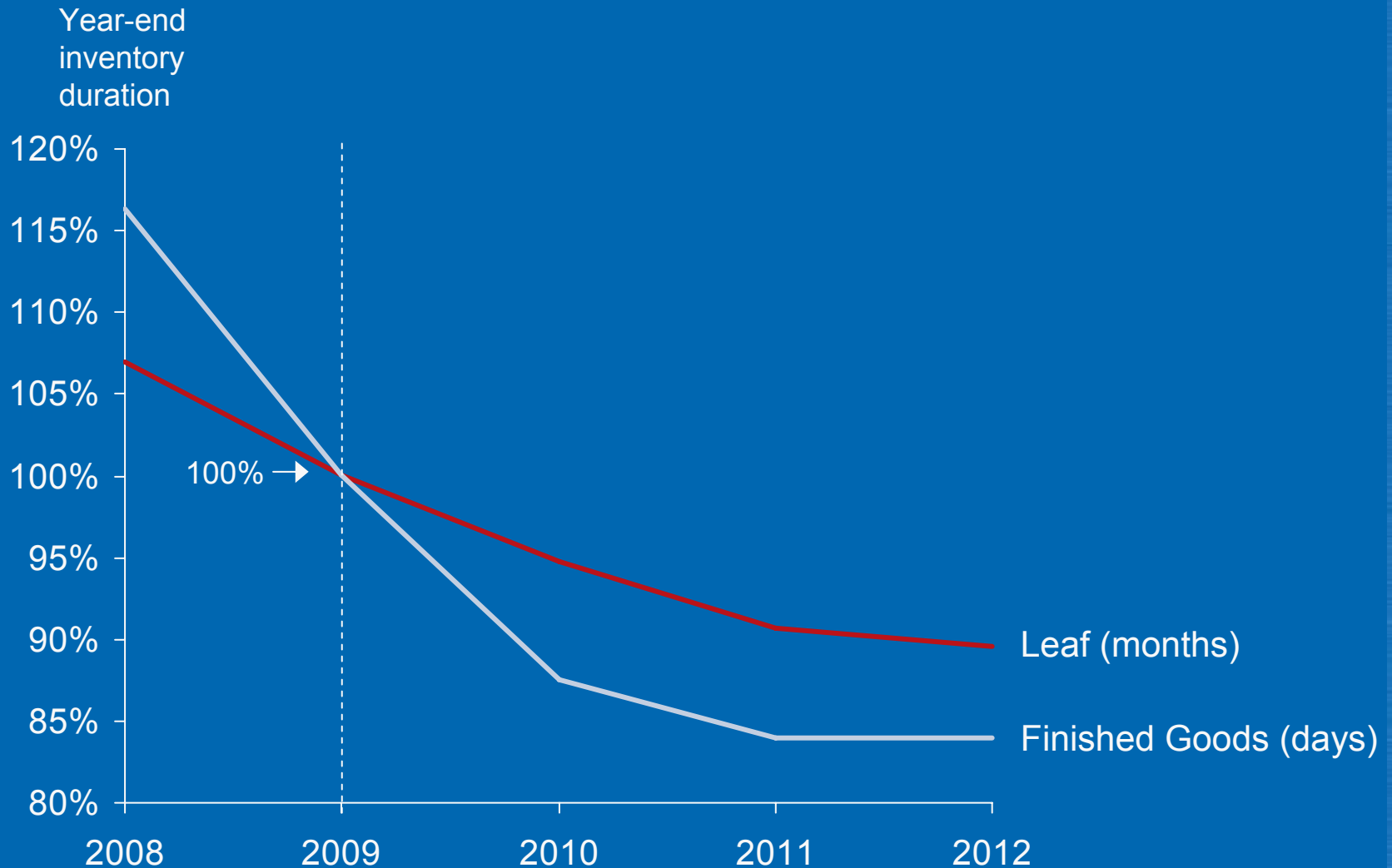
Strategy

- Create visibility and transparency across the supply chain
- Integrate, collaborate and synchronize with supply chain partners
- Manage leaf safety stocks according to grades criticality

Operations' contribution to working capital improvements through inventory reduction



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SCIPIO: Key to reducing finished goods' inventories



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- System that provides visibility on finished goods inventories and links demand and supply planning
- Already rolled out in seven factories and 40 markets (260 billion units)
- Plan to extend to 29 factories (721 billion units) by 2012

PMI is investing smarter



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	<u>2007</u>	<u>2008</u>	<u>2009</u>
Capital expenditures (\$ million)	1,072	1,099	715
Capex to Depreciation	1.5	1.4	0.9



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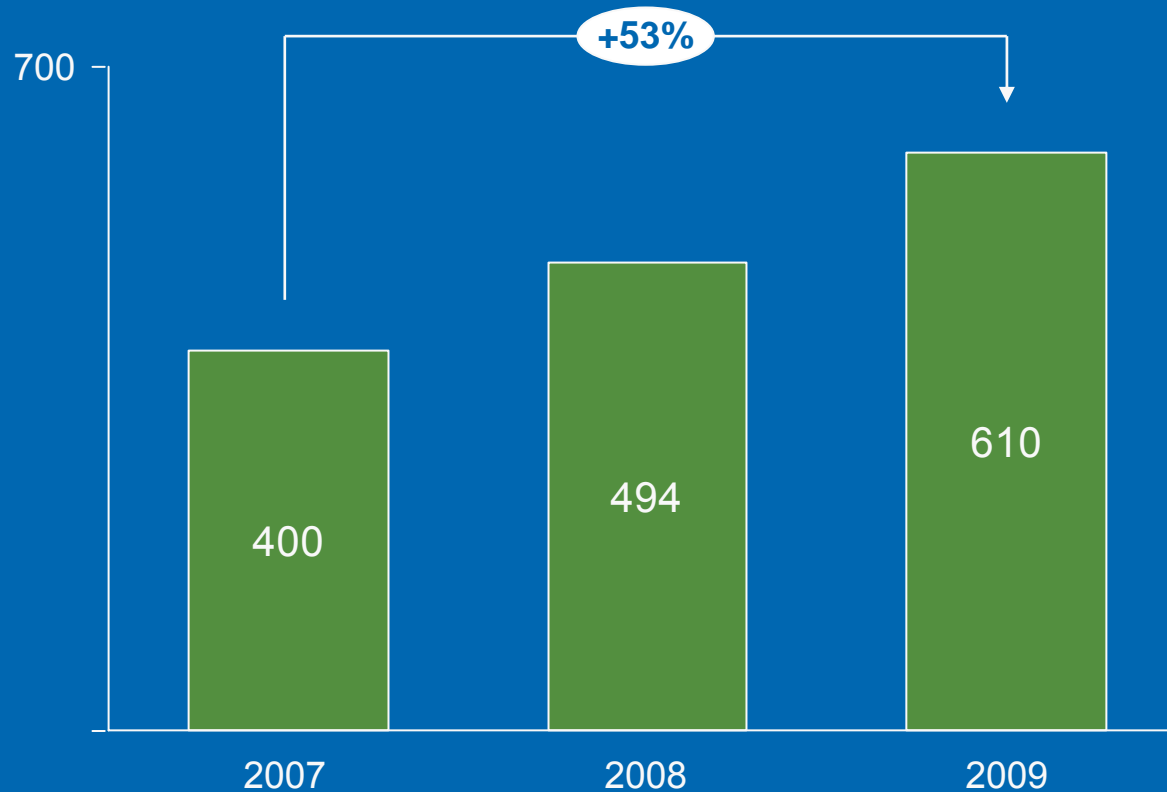
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Innovation and quality leadership



Innovation efforts have increased

Number of innovations and new product launches





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Product Development organization

- Organized in 10 clusters close to the markets
- Focus on consumer preferences
- New scientific group focused on conventional cigarettes

PMI is delivering innovation in packaging...

Marlboro Filter Plus



Virginia Uno 20s Super Slims

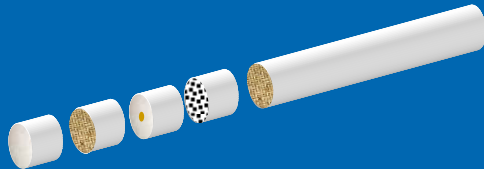


Marlboro New Architecture



...in cigarettes and in filters

Tobacco Plug



Triple Filters



Colored Menthol Threads



Recessed Filter



Capsules in filters



MÊME CIGARETTE



LA LA RÉFÉRENCE



LE GOÛT

**Faites-vous aider pour arrêter de fumer,
téléphonez au 0825-309-310
(0,15 EUR/min)**

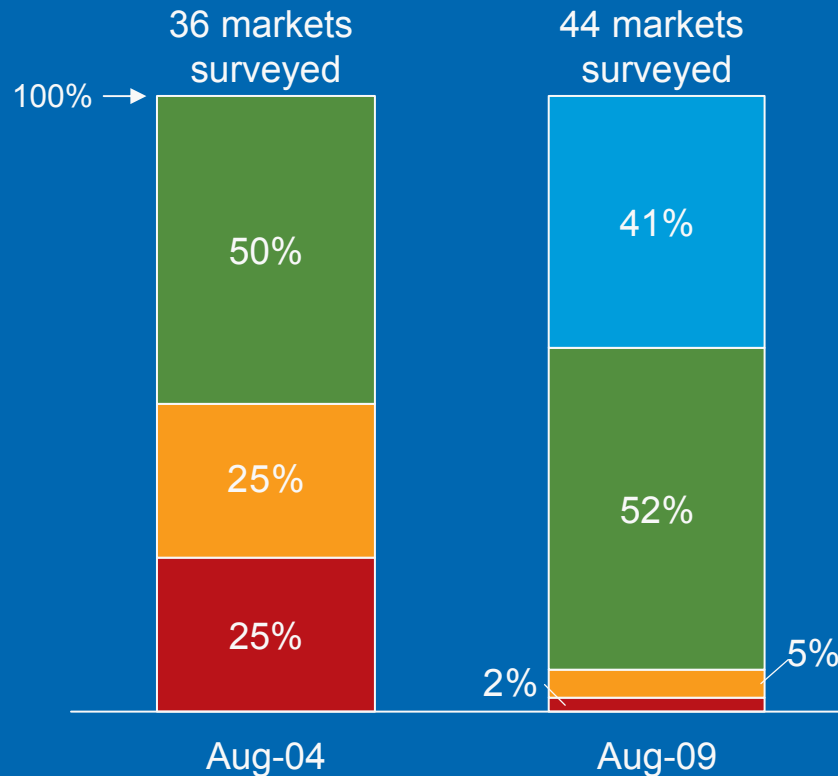


PMI outperforms competition in manufacturing quality



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Market Visual Quality Index



- PMI wins 100% of the comparison vs. competition
- PMI outperforms competition in more than 50% of products benchmarked
- PMI is statistically not different from competition
- Competition outperforms PMI



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Environment, Health and
Safety programs

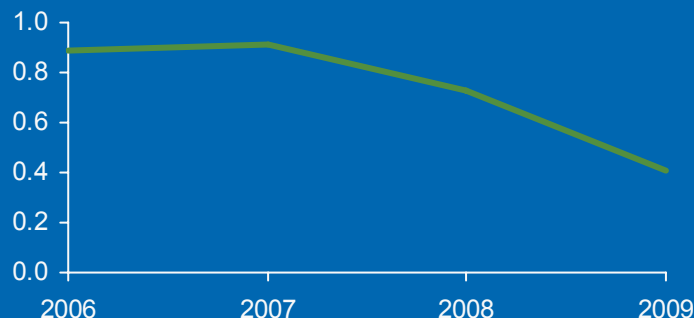


2009 Headline EHS performance

SAFETY

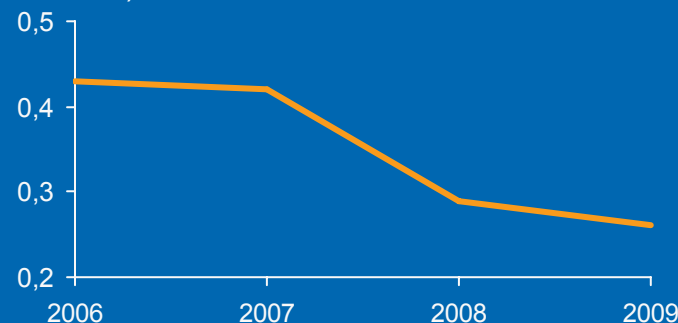
Lost Time Injury rate

(#/200,000 hrs)



Fleet injury rate

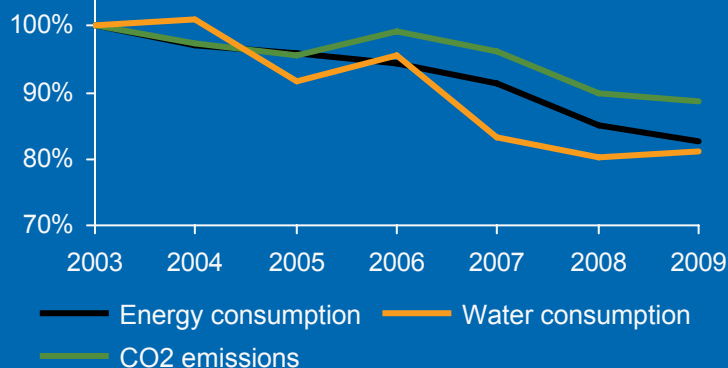
(#/mio KM)



ENVIRONMENT

Factory levels

(2003=100%)



Recycling rate

(%)





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People development



Operations Performance and Engagement: OPEN





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Conclusions



Key takeaways

- We will work to maintain cost leadership in our industry
- We will reduce our inventories and increase the integration of our supply chain
- We will continue to innovate our products and deliver the best quality
- We will continuously develop and engage our people to address our challenges



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Questions & Answers



Forward-Looking and Cautionary Statements

This presentation and related discussion contain statements that, to the extent they do not relate strictly to historical or current facts, constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on current plans, estimates and expectations, and are not guarantees of future performance. They are based on management’s expectations that involve a number of business risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. PMI undertakes no obligation to publicly update or revise any forward-looking statements, except in the normal course of its public disclosure obligations. The risks and uncertainties relating to the forward-looking statements in this presentation include those described under Item 1A. “Risk Factors” in PMI’s Form 10-Q for the quarter ended March 31, 2010, filed with the Securities and Exchange Commission.



Glossary of Terms

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

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



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

2010								2009			% Change in Reported Net Revenues excluding Excise Taxes		
Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Less Currency	Reported Net Revenues excluding Excise Taxes & Currency	Less Acquisitions	Reported Net Revenues excluding Excise Taxes, Currency & Acquisitions		Reported Net Revenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions
\$ 6,748	\$ 4,564	\$ 2,184	\$ 178	\$ 2,006	\$ 3	\$ 2,003	European Union	\$ 6,050	\$ 4,063	\$ 1,987	9.9 %	1.0 %	0.8 %
3,356	1,610	1,746	52	1,694	26	1,668	EEMA	2,831	1,379	1,452	20.2 %	16.7 %	14.9 %
3,562	1,689	1,873	172	1,701	75	1,626	Asia	2,857	1,267	1,590	17.8 %	7.0 %	2.3 %
1,921	1,228	693	51	642	-	642	Latin America & Canada	1,548	980	568	22.0 %	13.0 %	13.0 %
\$ 15,587	\$ 9,091	\$ 6,496	\$ 453	\$ 6,043	\$ 104	\$ 5,939	PMI Total	\$ 13,286	\$ 7,689	\$ 5,597	16.1 %	8.0 %	6.1 %

2010							2009			% Change in Reported Operating Companies Income		
Reported Operating Companies Income		Less Currency	Reported Operating Companies Income excluding Currency	Less Acquisitions	Reported Operating Companies Income excluding Currency & Acquisitions			Reported Operating Companies Income		Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions
\$ 1,062		\$ 80	\$ 982	\$ 2	\$ 980	European Union		\$ 967		9.8 %	1.6 %	1.3 %
770		8	762	9	753	EEMA		586		31.4 %	30.0 %	28.5 %
724		81	643	(5)	648	Asia		661		9.5 %	(2.7)%	(2.0)%
217		23	194	-	194	Latin America & Canada		155		40.0 %	25.2 %	25.2 %
\$ 2,773		\$ 192	\$ 2,581	\$ 6	\$ 2,575	PMI Total		\$ 2,369		17.1 %	8.9 %	8.7 %

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Reconciliation of Non-GAAP Measures



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

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

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



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

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

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Reconciliation of Non-GAAP Measures



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Reconciliation of Operating Cash Flow to Free Cash Flow and Free Cash Flow, excluding Currency
Reconciliation of Operating Cash Flow to Operating Cash Flow, excluding Currency
For the Quarters Ended March 31,
(\$ in millions)
(Unaudited)

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

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

(1) Operating cash flow

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Reconciliation of Non-GAAP Measures



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

2009							2008			% Change in Adjusted Operating Companies Income		
Reported Operating Companies Income	Less Asset Impairment/ Exit Costs and Other	Adjusted Operating Companies Income	Less Currency	Adjusted Operating Companies Income excluding Currency	Less Acquisitions	Adjusted Operating Companies Income excluding Currency & Acquisitions	Reported Operating Companies Income	Less Asset Impairment/ Exit Costs and Other	Adjusted Operating Companies Income	Adjusted	Adjusted excluding Currency	Adjusted excluding Currency & Acquisitions
\$ 4,506	\$ (29)	\$ 4,535	\$ (481)	\$ 5,016	\$ 40	\$ 4,976	\$ 4,738	\$ (66)	\$ 4,804	(5.6)%	4.4 %	3.6 %
2,663	-	2,663	(893)	3,556	18	3,538	3,119	(1)	3,120	(14.6)%	14.0 %	13.4 %
2,436	-	2,436	146	2,290	-	2,290	2,057	(14)	2,071	17.6 %	10.6 %	10.6 %
666	(135) ⁽¹⁾	801	(162)	963	202	761	520	(127) ⁽²⁾	647	23.8 %	48.8 %	17.6 %
\$ 10,271	\$ (164)	\$ 10,435	\$ (1,390)	\$ 11,825	\$ 260	\$ 11,565	\$ 10,434	\$ (208)	\$ 10,642	(1.9)%	11.1 %	8.7 %

(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)

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Reconciliation of Non-GAAP Measures



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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 %

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Reconciliation of Non-GAAP Measures



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Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS, excluding Currency
For the 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



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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)

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)

								(Unaudited)				% Change in Reported Net Revenues excluding Excise Taxes		
2007								2006						
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 – Operations
Lausanne, June 24, 2010