



PHILIP MORRIS INTERNATIONAL

**Morgan Stanley Global Consumer &
Retail Conference
New York, November 17, 2010**

Louis C. Camilleri
Chairman and Chief Executive Officer
Philip Morris International



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 September 30, 2010, filed with the Securities and Exchange Commission
- A glossary of terms and reconciliations of non-GAAP measures included in this presentation to the most comparable GAAP measures are provided at the end of this presentation or are posted on our web site at www.pmi.com



Agenda

- Expectations for Full-Year 2010 and outlook for 2011-13
- Leadership in non-OECD markets and OECD markets
- Successful deployment of *Marlboro's* new architecture and innovative line extensions
- Fiscal and regulatory environment
- Strong cash flow and superior returns to shareholders



2010 Full-Year Expectations

- Reaffirming 2010 reported diluted EPS guidance range of \$3.90 - \$3.95 announced on 21 October. This represents a growth rate versus 2009 of approximately 20-22%, and approximately 16-18% excluding currency



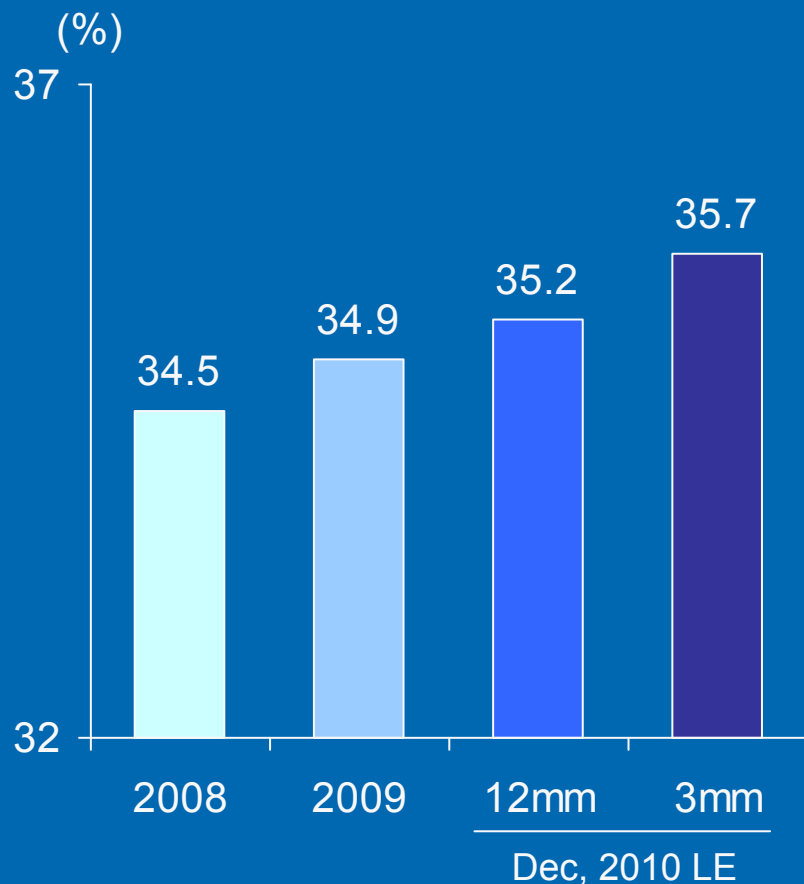
2010 Full-Year Expectations

- Reaffirming 2010 reported diluted EPS guidance range of \$3.90 - \$3.95 announced on 21 October. This represents a growth rate versus 2009 of approximately 20-22%, and approximately 16-18% excluding currency
- Full-Year 2010 organic volume expected to be down 2.0-2.5%
- Organic volume softness driven by economic downturn and some disruptive tax increases

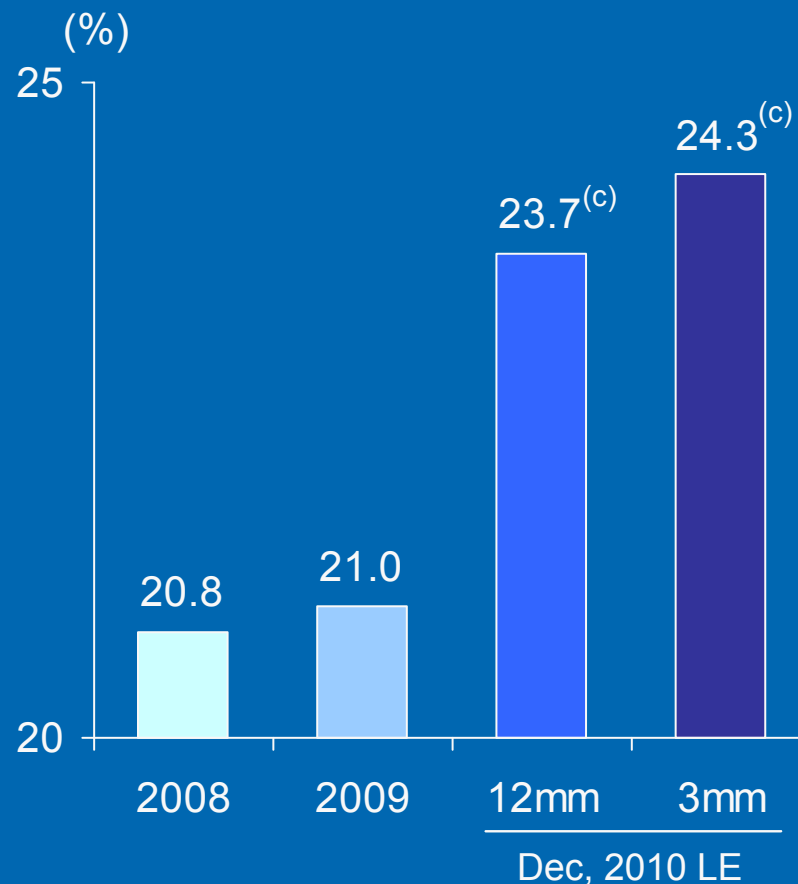


PMI Market Share Momentum

OECD markets^(a)



Non-OECD markets^(b)



(a) Excluding USA and duty-free. 2010 3mm shares adjusted for estimated impact of de-loading in Japan

(b) Excluding China and duty-free

(c) Excluding Philippines business combination, market share would be 21.1% for 12mm and 21.3% for 3mm

Note: For definition of OECD countries, refer to PMI's Registration Statement on Form 10, Information Statement (page 68) dated March 7, 2008

Source: PMI estimates



2010 Full-Year Expectations

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- Full-Year 2010 organic volume expected to be down 2.0-2.5%
- Organic volume softness driven by economic downturn and some disruptive tax increases
- Substantial pricing variance expected, with strong skew to fourth quarter



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Business Outlook 2011-2013

- Strong pricing power, based on brand leadership and broad portfolio

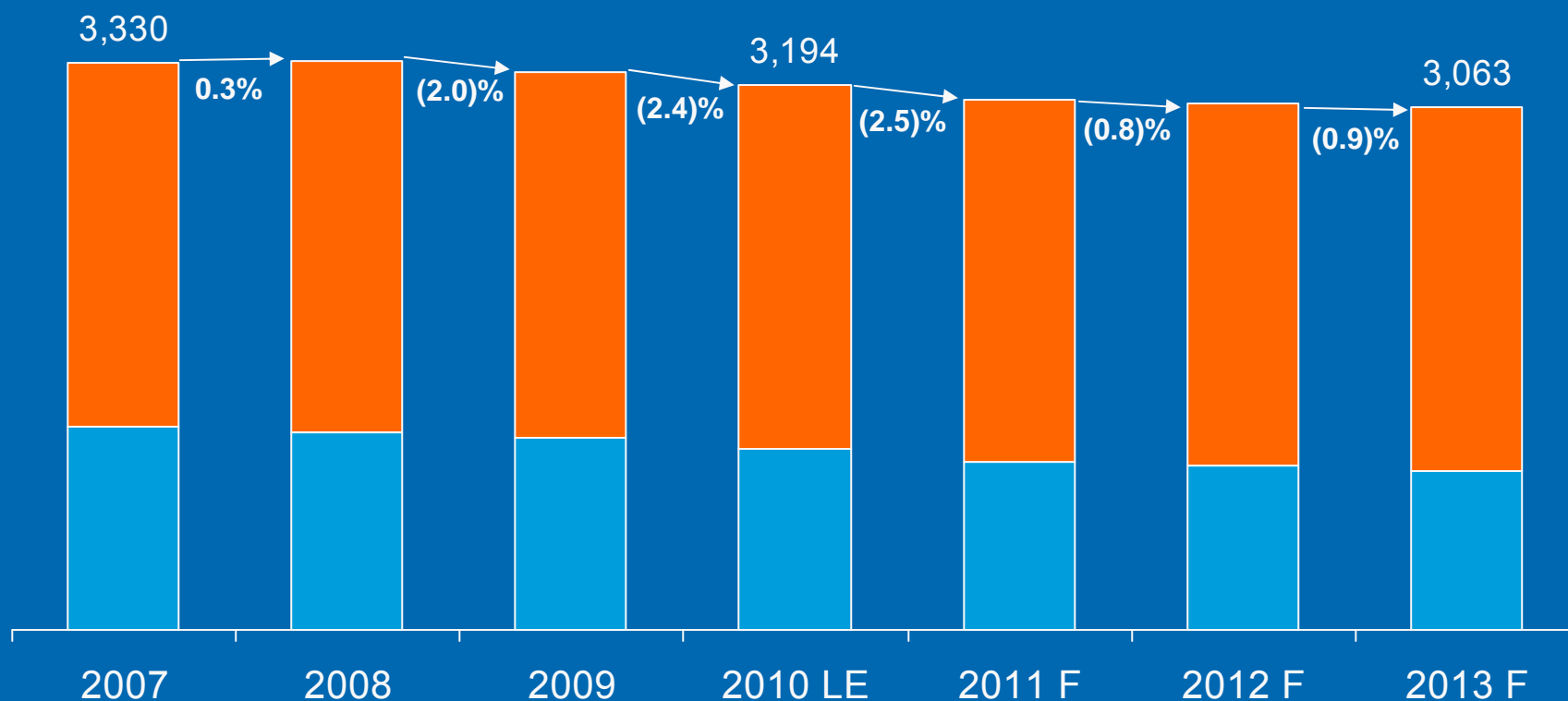


Cigarette Industry Volume Trends 2007-2013^(a)

(units billion)

□ OECD ■ Non-OECD

CAGR
2007-2010: (1.4)%
2010-2013: (1.4)%



(a) Excluding China, USA and duty-free
Source: PMI estimates



Business Outlook 2011-2013

- Strong pricing power, based on brand leadership and broad portfolio
- Brand portfolio performing well, solid market share growth momentum and exciting pipeline of innovation
- We expect to outperform industry volume



Business Outlook 2011-2013

- Strong pricing power, based on brand leadership and broad portfolio
- Brand portfolio performing well, solid market share growth momentum and exciting pipeline of innovation
- We expect to outperform industry volume
- Net revenue growth expected to be solid
- Less pressure anticipated on tobacco leaf costs
- Continued focus on cost controls and productivity gains



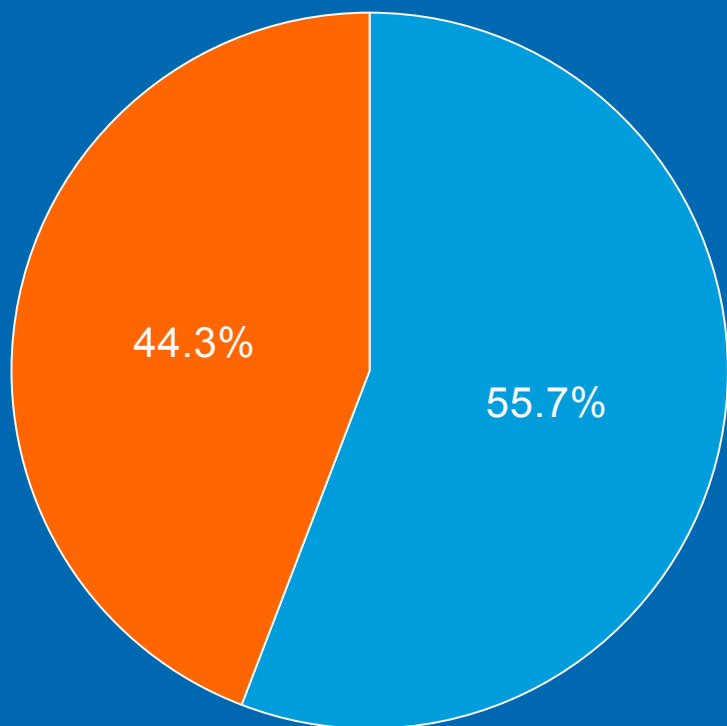
Business Outlook 2011-2013

- Operating environment remains challenging
- Expect to deliver strong growth through 2013, consistent with our annual currency neutral financial growth targets
- Currency tailwind, at least in 2011, principally driven by more favorable exchange rates in non-OECD markets

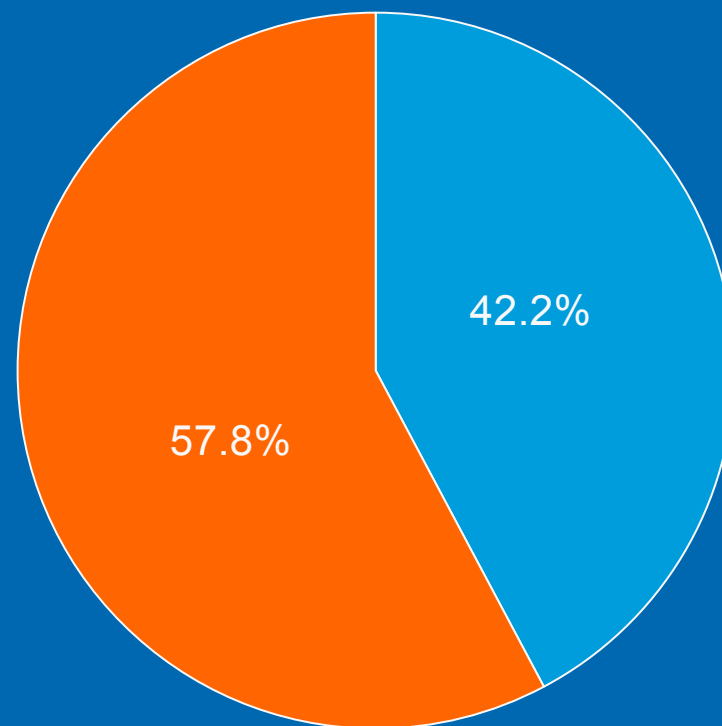


Volume Split OECD / Non-OECD

□ OECD □ Non-OECD



2004



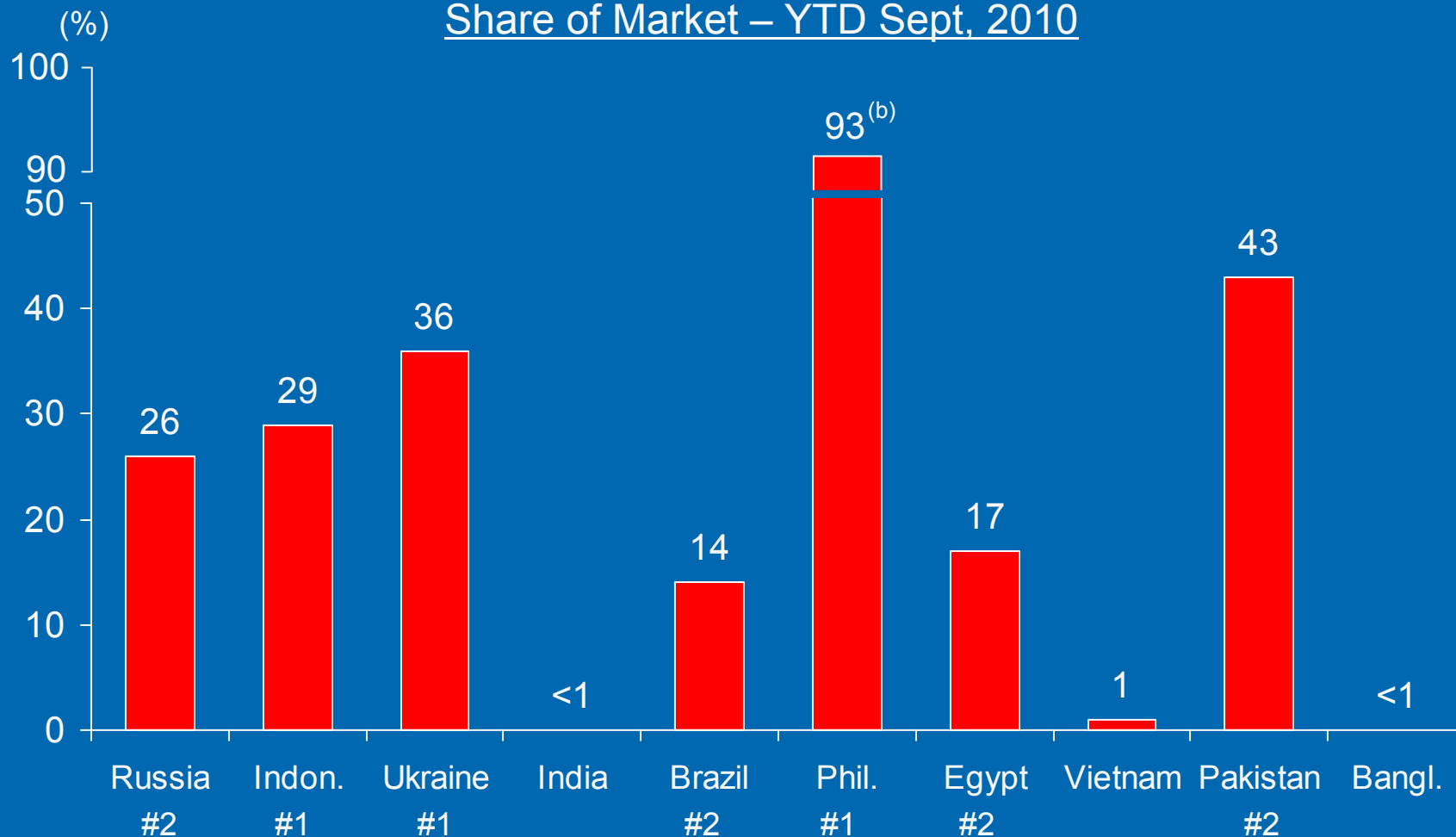
YTD Sept, 2010

PMI Market Shares in Top 10 Non-OECD Markets^(a)



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Share of Market – YTD Sept, 2010



(a) Top 10 ranked by 2009 industry volume, excluding China and duty-free

(b) Pro forma to reflect PMI's business combination with Fortune Tobacco Corporation

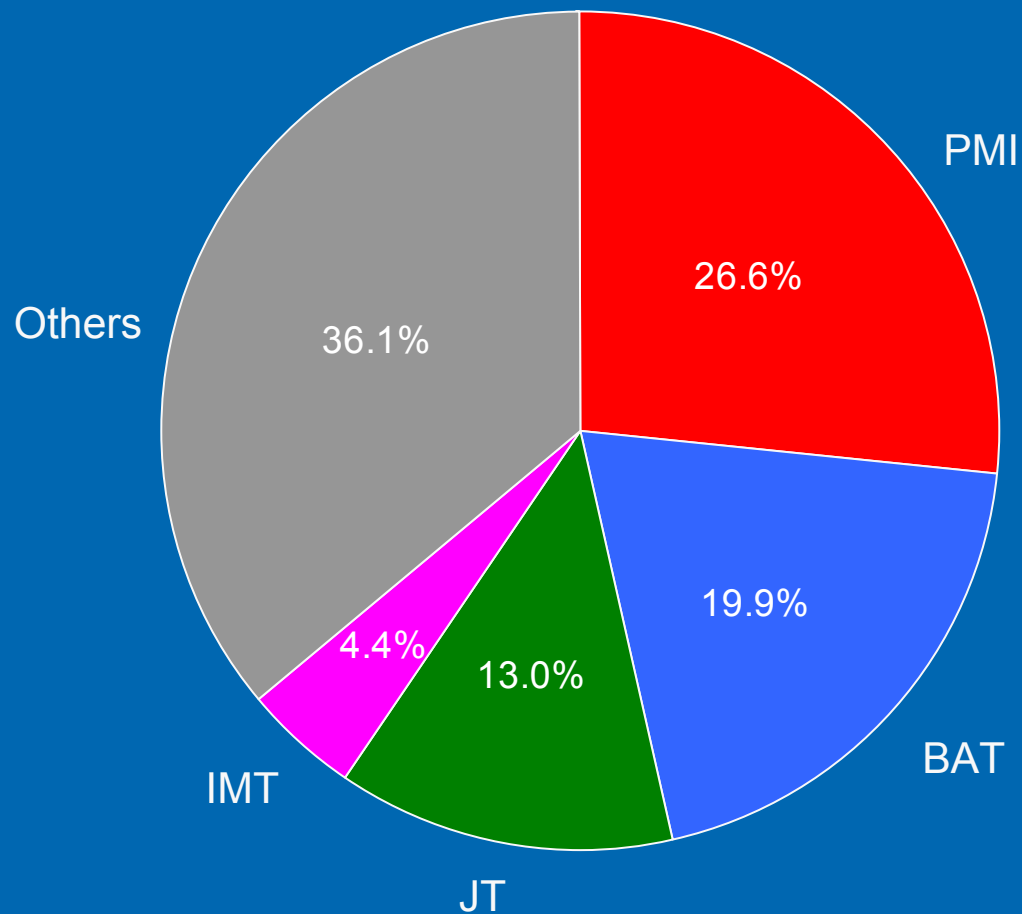
Note: Indon. is Indonesia, Phil. is Philippines and Bangl. is Bangladesh

Source: A.C. Nielsen and PMI estimates

Market Shares in Top 10 Non-OECD Markets^(a)



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(a) Top 10 ranked by 2009 industry volume, excluding China and duty-free. Shares are YTD September, 2010
Source: PMI estimates and A.C. Nielsen



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Non-OECD Strategy

- Established initial foothold by leveraging adult consumer awareness and appeal of *Marlboro*



Non-OECD Strategy

- Established initial foothold by leveraging adult consumer awareness and appeal of *Marlboro*
- Built scale by working with local partners, where appropriate, in local manufacturing, distribution and sales



Non-OECD Strategy

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- Built scale by working with local partners, where appropriate, in local manufacturing, distribution and sales
- Made acquisitions or other business arrangements to expand into more affordable and well-established local heritage brands



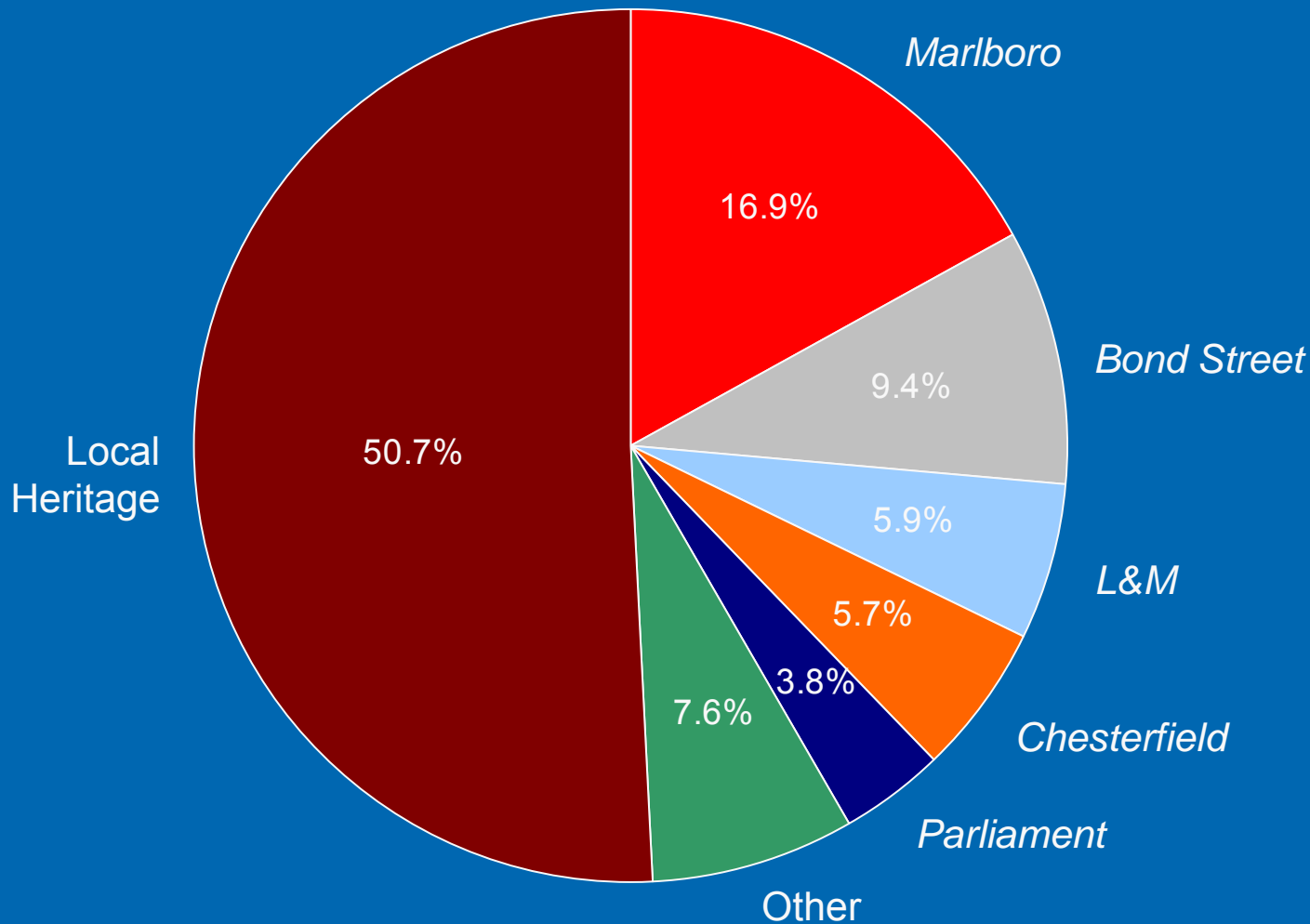
Non-OECD Strategy

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- Built scale by working with local partners, where appropriate, in local manufacturing, distribution and sales
- Made acquisitions or other business arrangements to expand into more affordable and well-established local heritage brands
- Expanded our international brand offer beyond *Marlboro* to cover all profitable price segments

PMI Brand Volume Split in Top 10 Non-OECD Markets^(a)



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(a) Top 10 ranked by 2009 industry volume, excluding China and duty-free. Brand split YTD September, 2010
Source: PMI Financials



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What Makes Non-OECD Markets Attractive

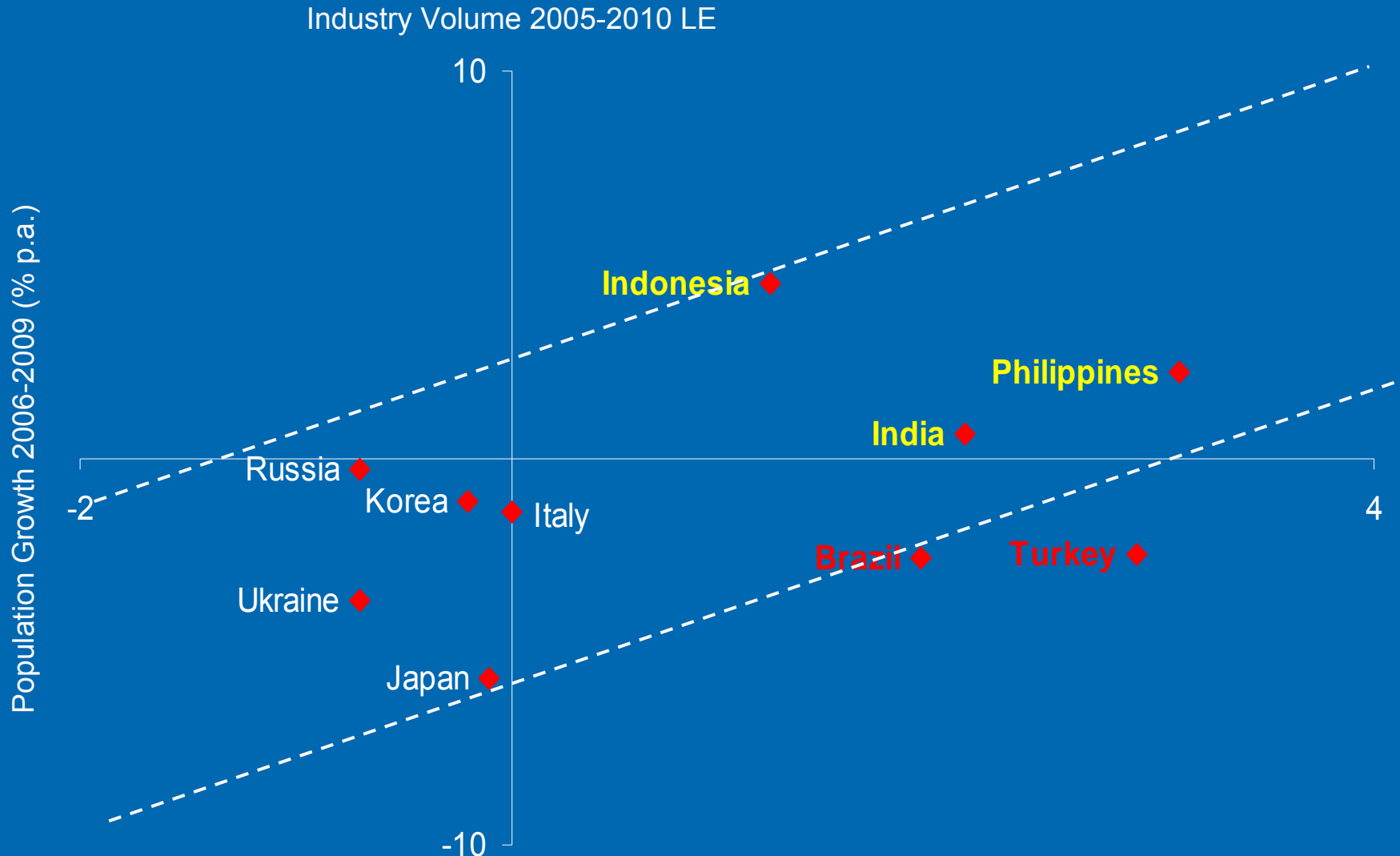
- Favorable demographic trends
- Economic growth
- Increasing consumer purchasing power

Demographics and Industry Volume Trends

Top 10 Largest Markets^(a)



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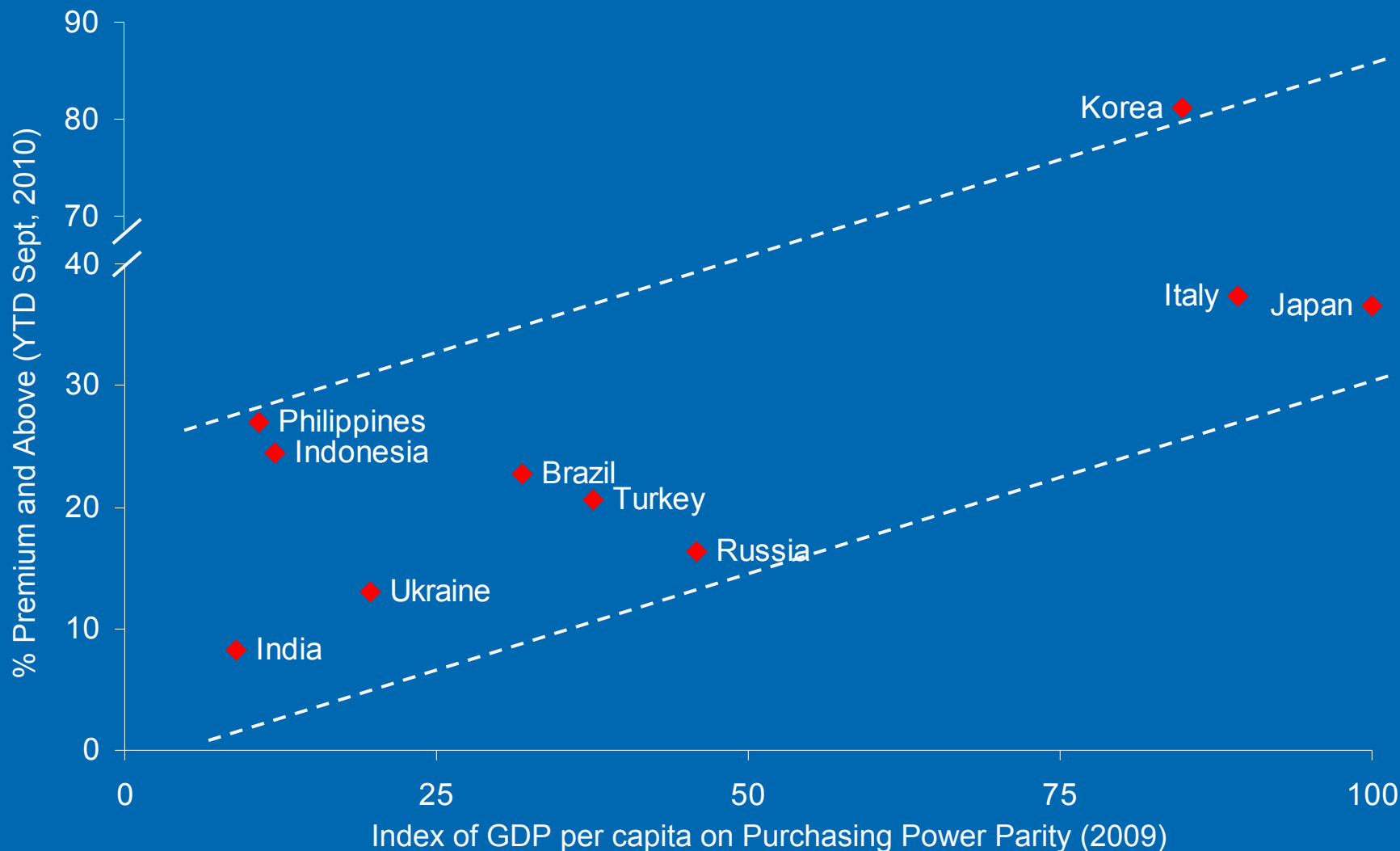


(a) Top 10 ranked by 2009 industry volume, excluding China, USA and duty-free
Source: PMI estimates, Tobacco Institute of Japan, Hankook Research and Index Mundi

GDP Per Capita and Size of the Premium and Above Segment – Top 10 Largest Markets^(a)



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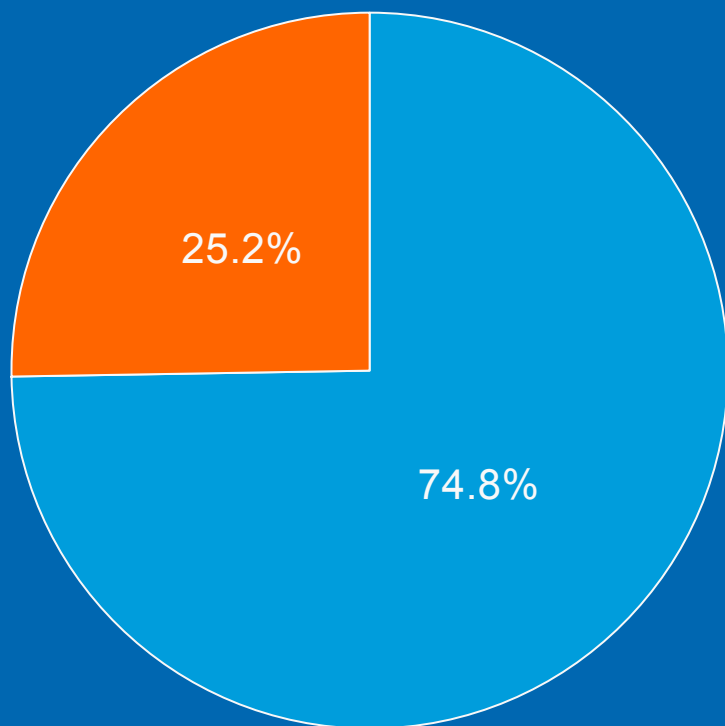
(a) Top 10 ranked by 2009 industry volume, excluding China, USA and duty-free

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

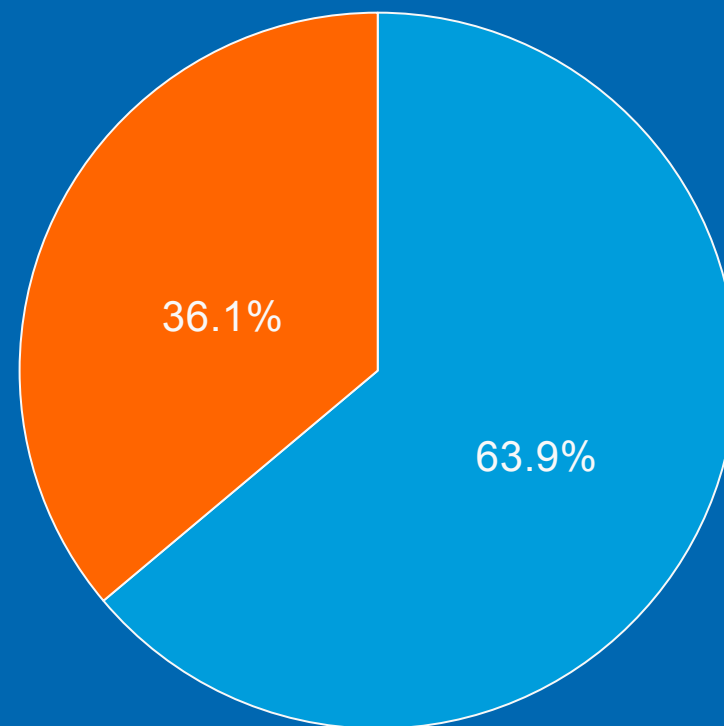


OCI Split OECD / Non-OECD

□ OECD □ Non-OECD



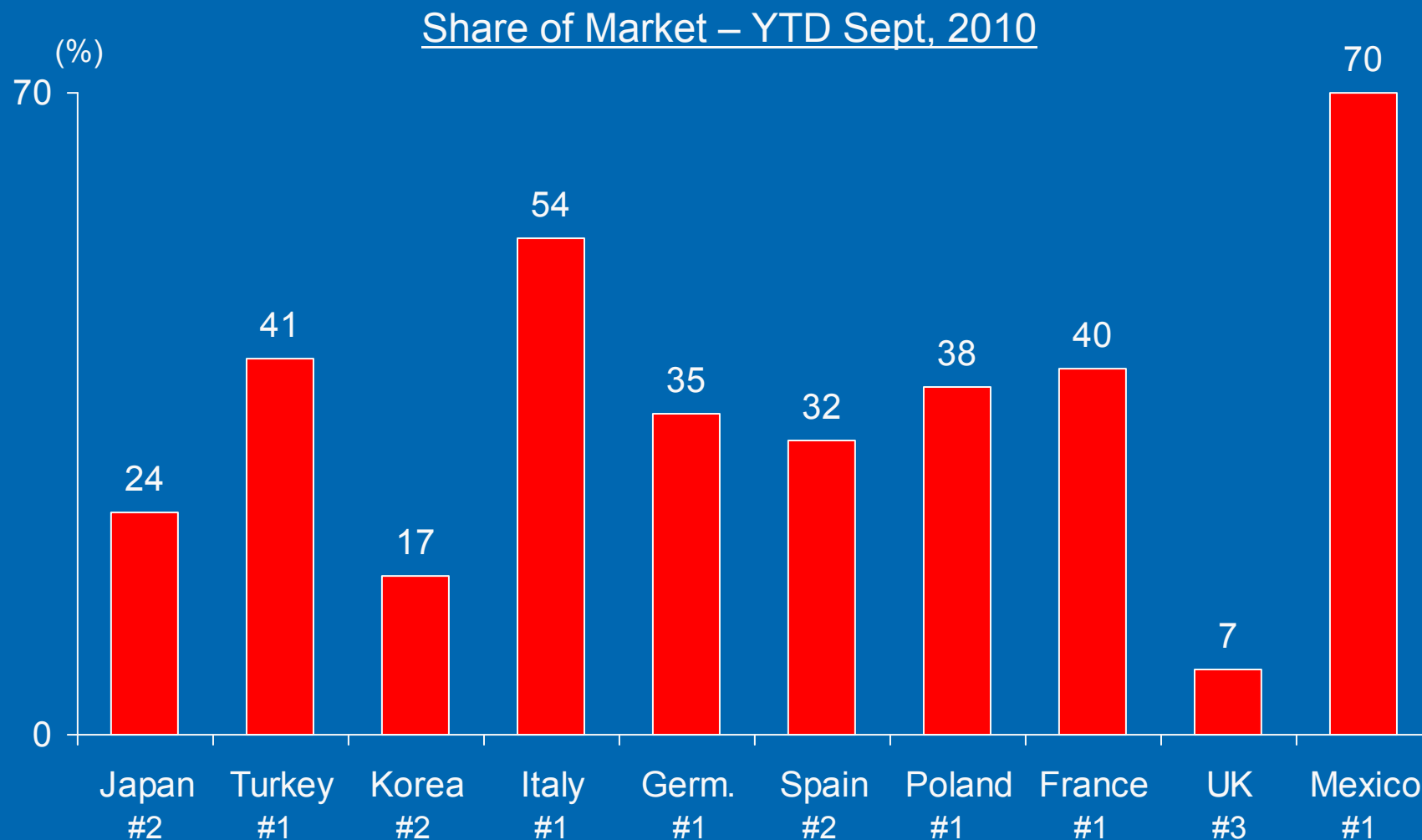
2004



YTD Sept, 2010



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



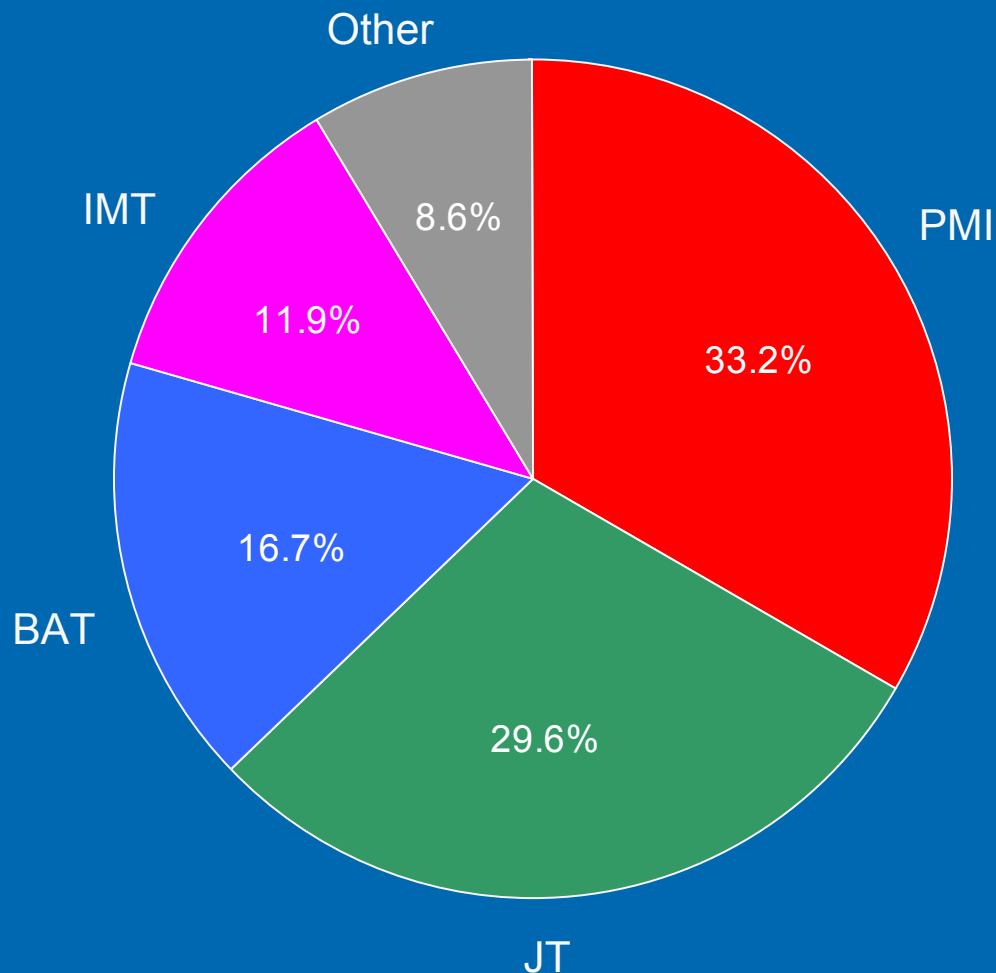
(a) Top 10 ranked by 2009 industry volume, excluding USA and duty-free

Note: Germ. Is Germany

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



Market Shares in Top 10 OECD Markets^(a)

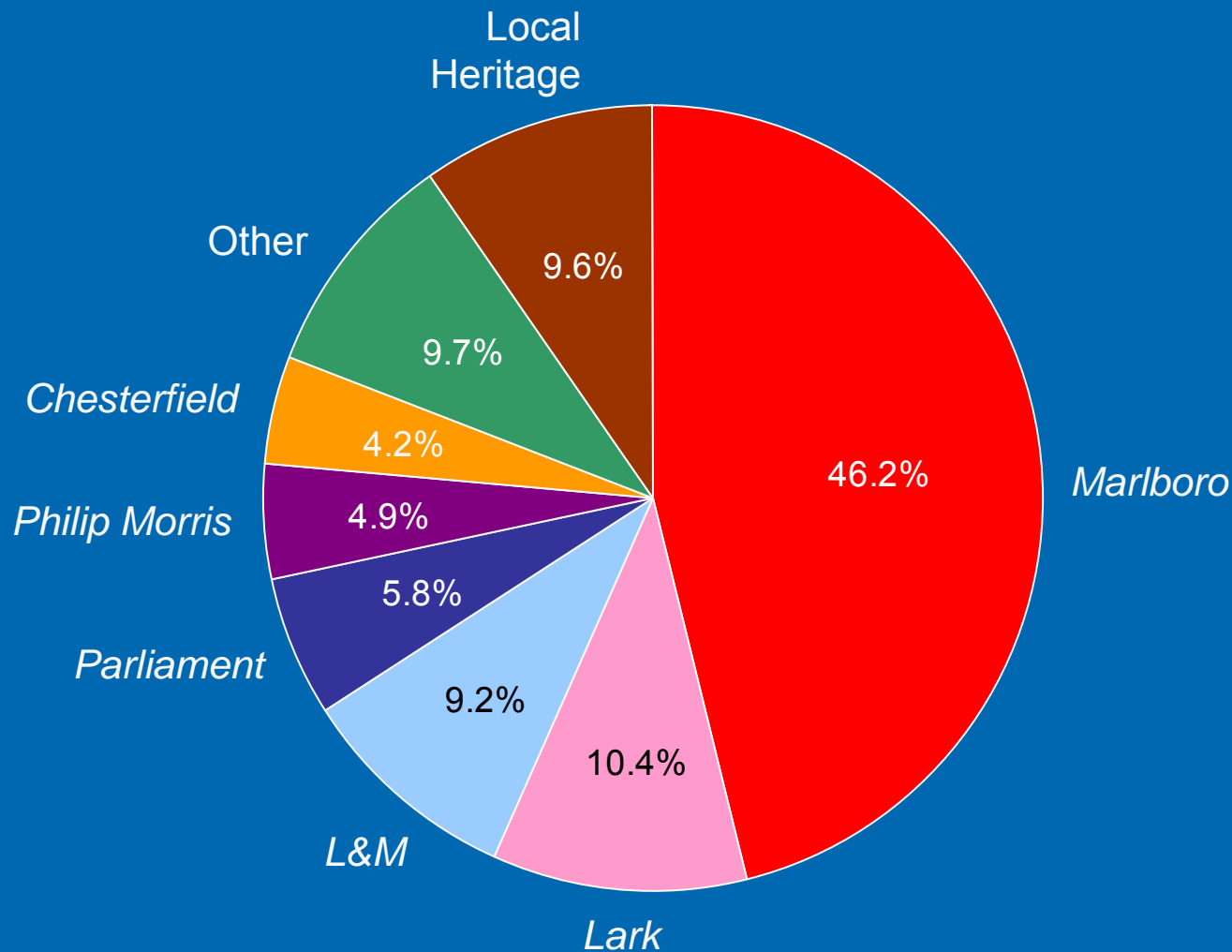


(a) Top 10 ranked by 2009 industry volume, excluding USA and duty-free. Shares are YTD September, 2010
Source: PMI estimates, A.C. Nielsen, Tobacco Institute of Japan and Hankook Research

PMI Brand Volume Split in Top 10 OECD Markets^(a)



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(a) Top 10 ranked by 2009 industry volume, excluding USA and duty-free. Brand split YTD September, 2010
Source: PMI Financials



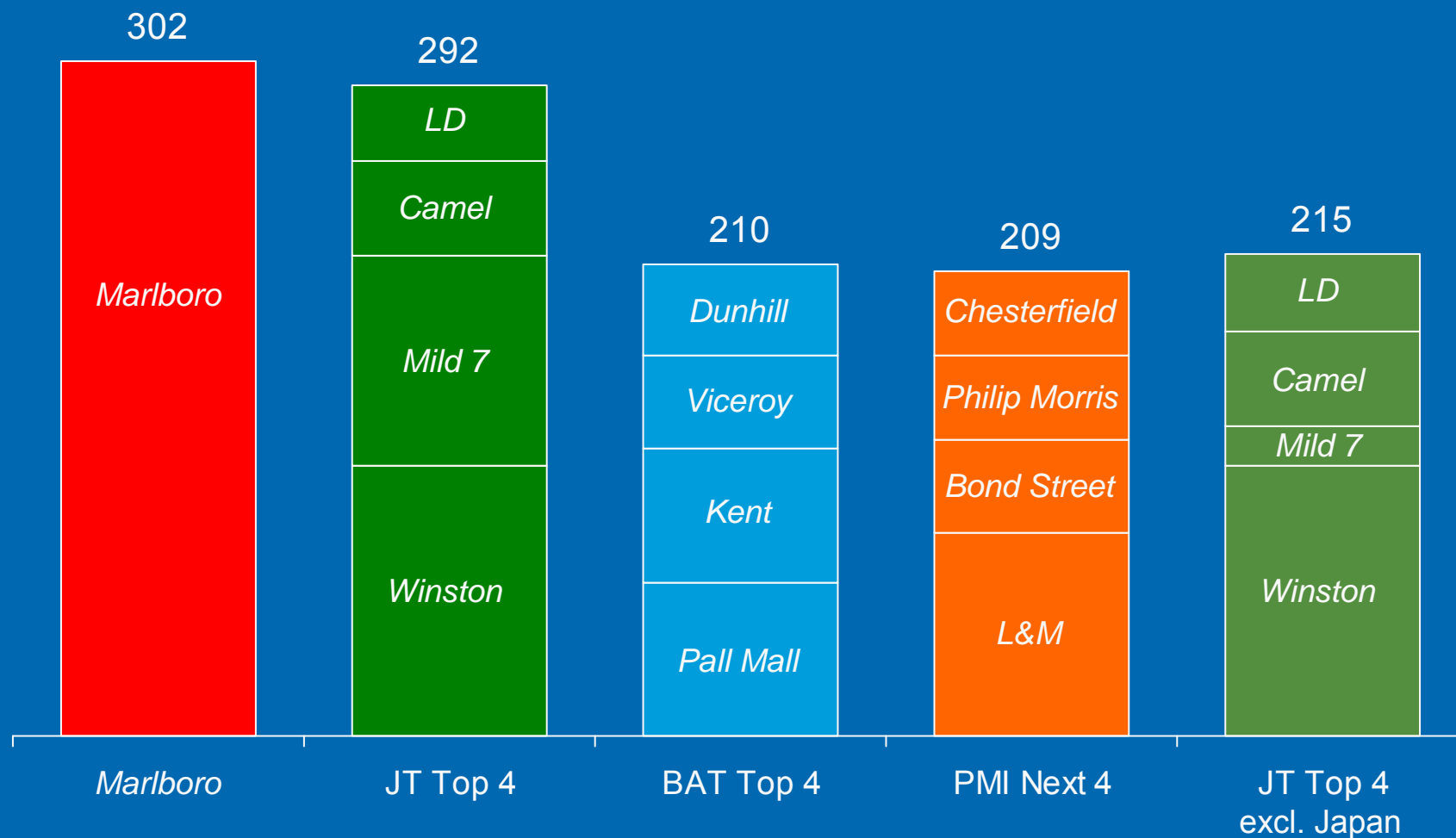
Brand Portfolio Strategy

- Continue the deployment of the new *Marlboro* architecture
- Focus on consumer-relevant innovative new line extensions
- Strengthen our leading international brands across all price segments
- Further develop local heritage brands in specific markets



PMI Brand Leadership

(units billion)





Rauchen kann tödlich sein



Palenie poważnie szkodzi Tobie i osobom w Twoim otoczeniu



Твій стиль - твій вибір



MARLBORO GOLD

Marlboro Gold Filter: Смола: 6 мг/сиг. Нікотин: 0,5 мг/сиг. Marlboro Gold Edge: Смола: 4 мг/сиг. Нікотин: 0,3 мг/сиг. Marlboro Gold Touch: Смола: 6 мг/сиг. Нікотин: 0,5 мг/сиг. Marlboro Gold Fine Touch: Смола: 4 мг/сиг. Нікотин: 0,4 мг/сиг. Кількість смол та нікотину, що Ви вдихаєте, рідко вимірюється за важею сигарети, як Ви курите сигарету.

КУРІННЯ МОЖЕ ВИКЛИКАТИ ЗАХВОРЮВАННЯ НА РАК

Marlboro Filter / Flavor Plus

Q3, 2010:

- Launched in over 40 markets
- 1.0% share or more in 12 markets
- 0.5% share or more in a total of 26 markets

Source: PMI estimates



تحذير صحي: التدخين سبب رئيسي لسرطان وأمراض الرئة وأمراض القلب والشرايين. Health Warning: Smoking is a main cause of lung cancer, lung diseases and of heart and arteries diseases.

Marlboro Gold Touch Q3, 2010:

- Launched in nearly 30 markets
- 1.0% or more share in 7 markets
- 0.5% or more share in 18 markets

Source: PMI estimates

MARLBORO GOLD [TOUCH] 

абсолютно новий формат

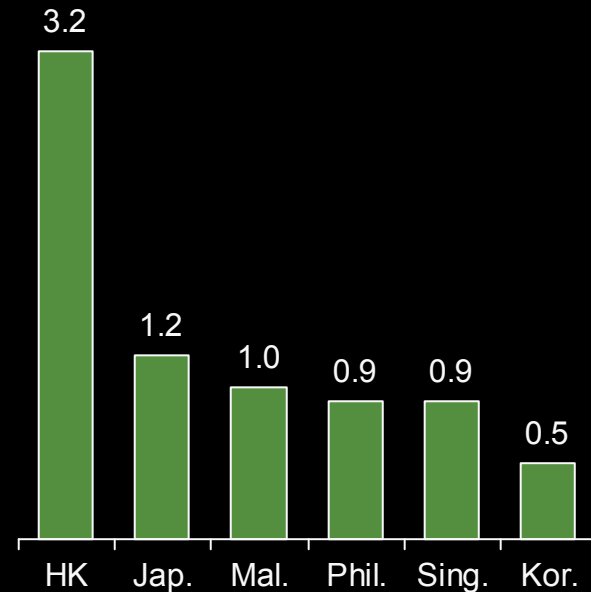


Marlboro Gold Touch: Смола: 0 мг/циг. Нікотин: 0 мг/циг.; Marlboro Gold Fine Touch: Смола: 0 мг/циг. Нікотин: 0 мг/циг.
Кількість смол та нікотину, що вміщуються, залежить від того, як ви курите сигарету.

КУРІННЯ МОЖЕ ВИКЛИКАТИ ЗАХВОРЮВАННЯ НА РАК



Q3, 2010, Marlboro Black Menthol Market Shares (%)



Source: PMI estimates, Tobacco Institute of Japan and Hankook Research

Government Warning: Cigarette smoking is dangerous to your health



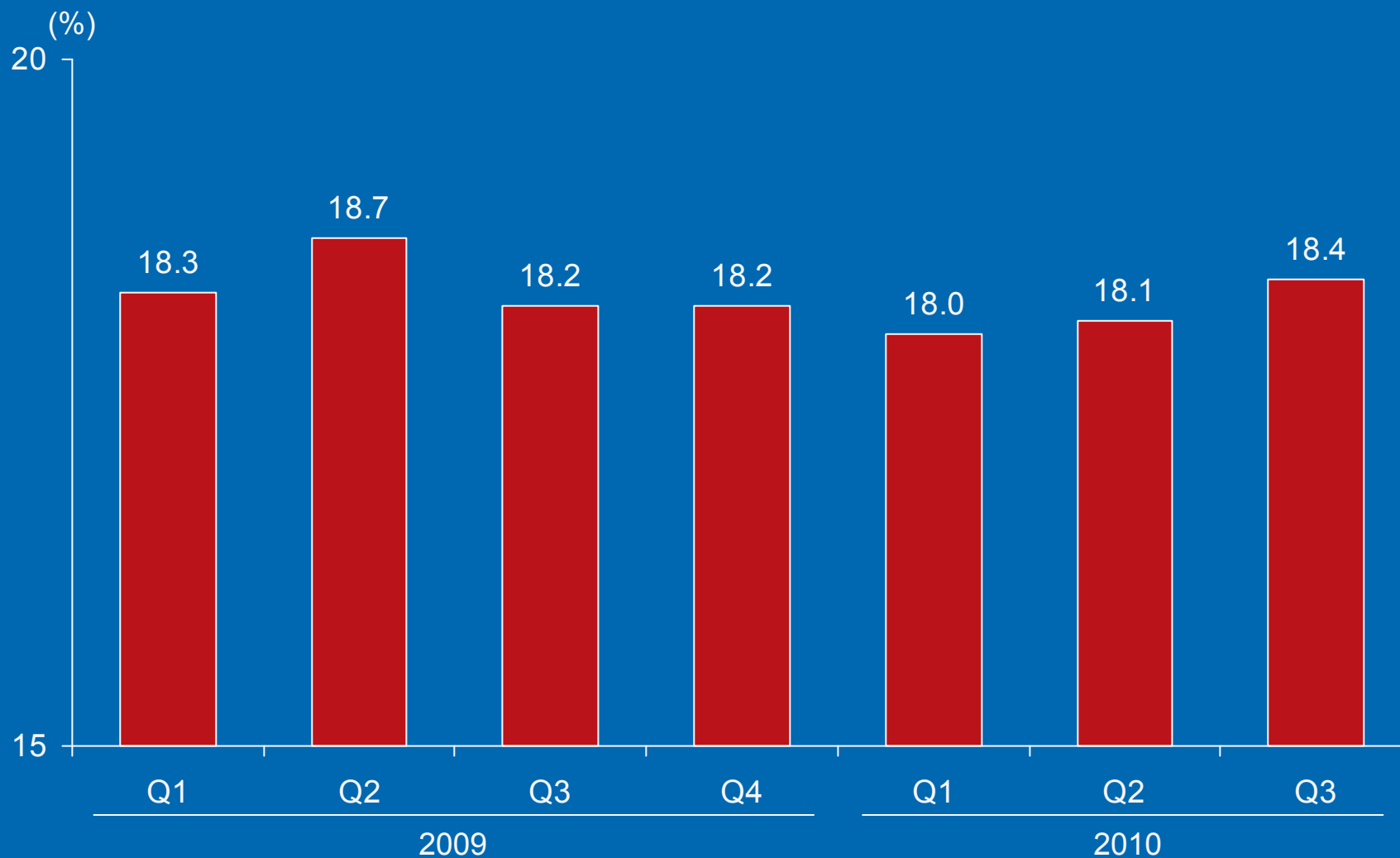
Marlboro Market Shares – by Region

	Market Shares			
	<u>Q3, 2010</u>	<u>Variance vs. PY</u>	<u>YTD Sept, 2010</u>	<u>Variance vs. PY</u>
EU	18.4 %	0.2 pp	18.2 %	(0.2) pp
EEMA	6.5	-	6.4	-
Asia ^(a)	6.5	0.3	6.2	0.3
LA&C	14.2	0.3	13.9	0.1
Total^(a)	9.3	0.1	9.1	-

(a) Excluding China
Source: PMI estimates

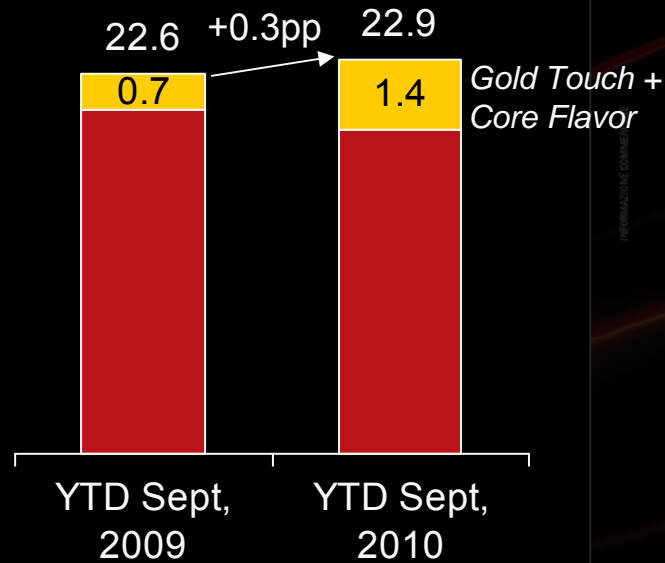


Marlboro Market Share – EU Region



NUOVA MARLBORO CORE FLAVOR.

Marlboro Market Share in Italy (%)



Source: PMI estimates



€ 4,20

CATRAME 9 MG
NICOTINA 0,7 MG
MONOSSIDO
DI CARBONIO 9 MG

COD. 2373

ORDINALA SUBITO

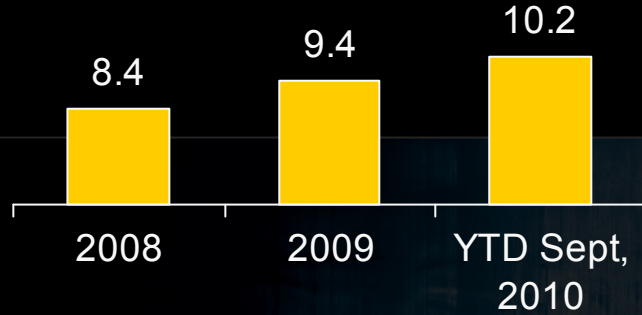
**E SCOPRI IL GUSTO DEL SUCCESSO
NELL'INNOVATIVO FORMATO 7.1 MM.**

 **THE NEW AUTHENTIC EXPERIENCE**

LA QUANTITÀ DI CATRAME, NICOTINA E MONOSSIDO DI CARBONIO INALATA VARIERÀ IN BASE AL MODO DI FUMARE LA SIGARETTA.

Il fumo danneggia gravemente te e chi ti sta intorno

Marlboro Market Share in Poland (%)



Source: PMI estimates

Marlboro [GOLD] now.

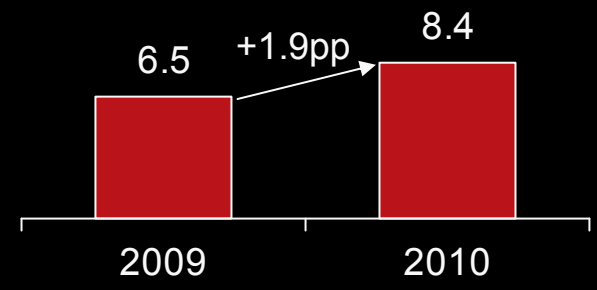
Ten sam [SMAK]

Marlboro [GOLD] teraz.
Gold Edge: sub. smoliste 6 mg/papieros, nikotyna 0,5 mg/papieros, tlenek węgla 5 mg/papieros.
Gold Original: sub. smoliste 8 mg/papieros, nikotyna 0,6 mg/papieros, tlenek węgla 9 mg/papieros.
Ilość wdychanych substancji smolistych, nikotyny i tlenku węgla zależy od sposobu palenia.
© 2008 Philip Morris International Management S.A.



Palenie poważnie szkodzi Tobie i osobom w Twoim otoczeniu

Marlboro North Africa Market Share (%)
YTD Sept,



Source: PMI estimates



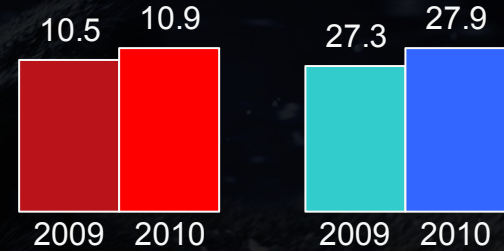
Fumer Tue

Marlboro Share in Japan (%)

YTD Sept Share of:

Market
+0.4pp

Menthol
+0.6pp



Source: Tobacco Institute of Japan

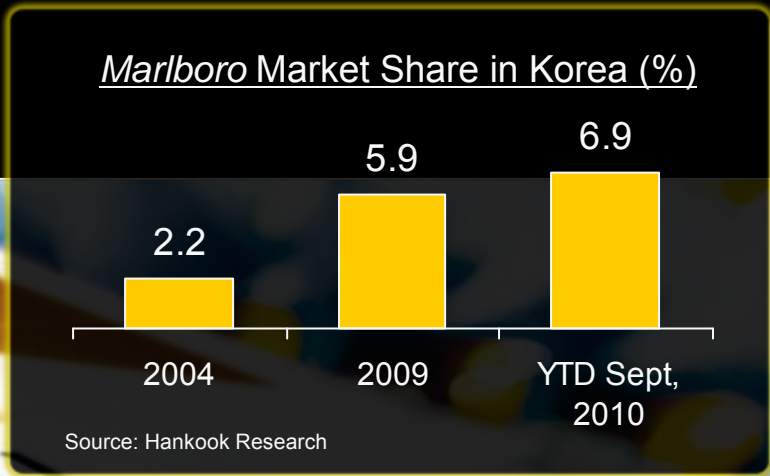


極寒の一撃。

ICE BLAST

あなたが吸い込むタールとニコチンの量は、たばこの吸い方によって異なります。

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。

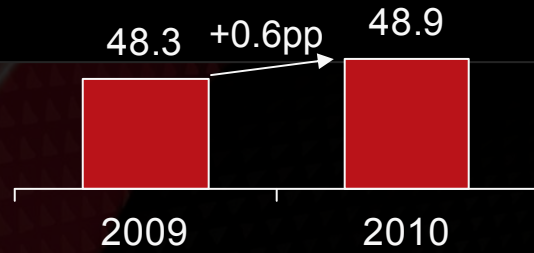


알부라 카이든: 타르 6.0mg, 니코틴 0.30mg
 상당량 흡연하는 담배와 니코틴의 양을
 원천차이 있음에도 따라 달라질 수 있음

경고 : 건강에 해로운 담배, 일단 흡연하게 되면 끊기가 매우 어렵습니다. 담배연기에는 발암성 물질인 나프틸아민, 니켈, 벤젠, 비닐 크로라이드, 비소, 카드뮴이 들어있습니다.

Marlboro Market Share in Mexico (%)

YTD Sept,



Source: PMI estimates

REDISEÑADO

**NUEVO EMPAQUE,
MISMO SABOR.**



FUMAR ES CAUSA DE CANCER



Keys to Success

- Balanced pricing strategy
- Brand and market leadership
- Consumer-relevant innovation
- Cost controls and productivity programs
- Judicious investments behind the business
- Management of the fiscal and regulatory environment



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Excise Taxation

- Rate of increase and structure are of paramount importance



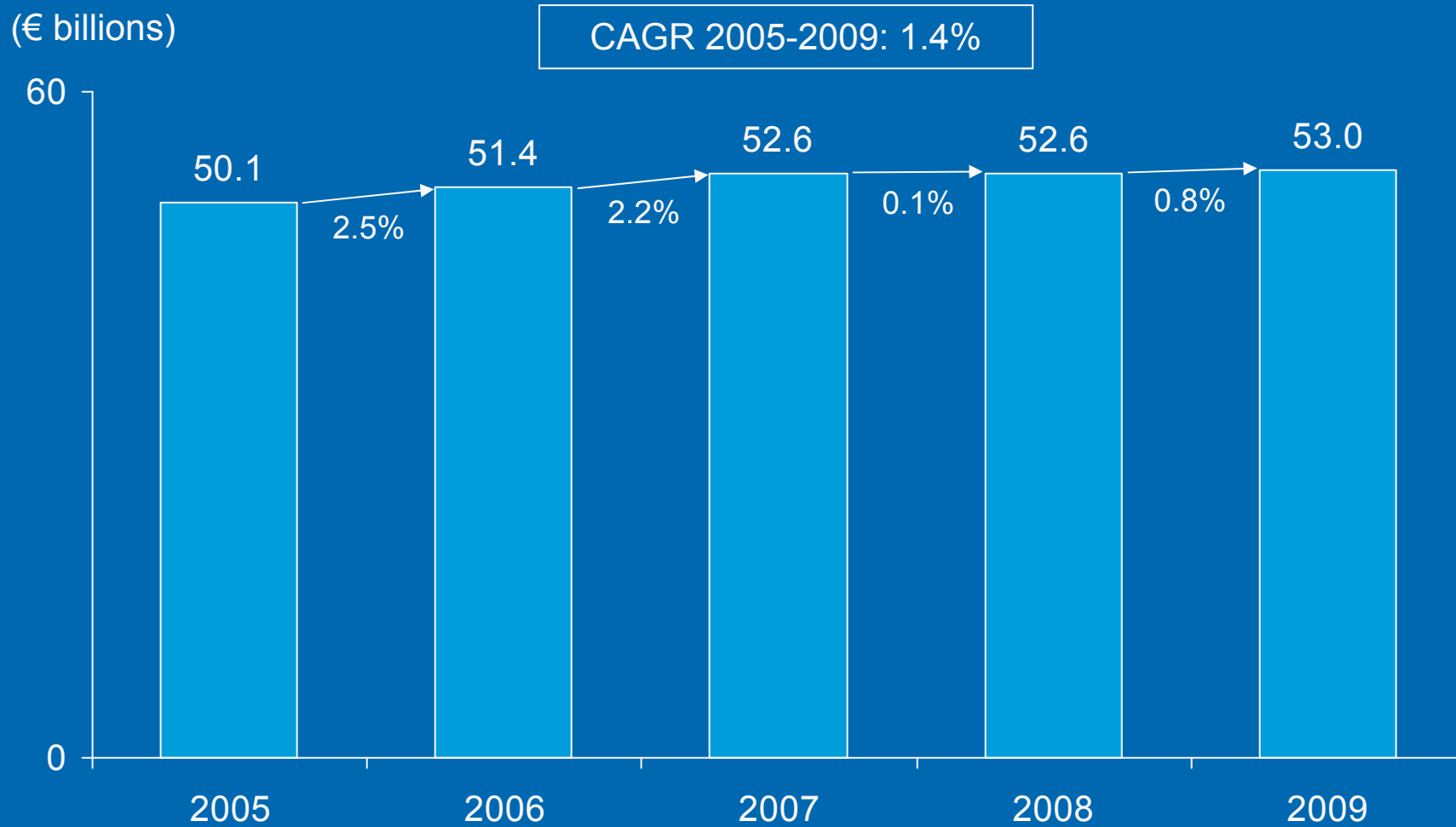
Excise Taxation

- Rate of increase and structure are of paramount importance
- Optimal approach is regular, reasonable increases:
 - Government revenues are both enhanced and more predictable
- Most governments implement reasonable specific rate increases or participate in price increases through ad-valorem tax elements

Tobacco Product Excise Taxes in Euro-Zone Countries 2005-2009^(a)



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(a) Included are those countries that used the Euro throughout this period, namely Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain

Source: EU Directorate General for Taxation and Union Douaniere



Excise Taxation – European Union

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



Excise Taxation

- Rate of increase and structure are of paramount importance
- Desirable approach is regular, reasonable increases:
 - Government revenues are both enhanced and more predictable
- Most governments implement reasonable rate increases or participate in price increases through ad-valorem tax elements
- From time to time, some governments implement unreasonable increases:
 - Brazil and Ukraine in 2009
 - Australia, Greece, Japan, Romania and Turkey in 2010



Excise Taxation Outlook for 2011

- Additional pressure due to large government deficits
- Too early in budgetary process to determine final outcome in most countries



Excise Taxation Outlook for 2011

- Additional pressure due to large government deficits
- Too early in budgetary process to determine final outcome in most countries
- Reasonable indications so far (e.g., Indonesia, Japan, Poland and Russia), with one disruption (Mexico)



Illicit Trade

- Positive development has been increased enforcement in Canada
- Potential for reduction in EU, as all four major international cigarette companies have agreements with OLAF to combat illicit trade



Illicit Trade

- Certain fiscal and regulatory measures have been enacted or are being considered that have encouraged, or will encourage, illicit trade
- Estimated prevalence (as % of cigarette consumption) of illicit trade in selected markets:

10% - 20%

Canada

France

Germany

Morocco

Poland

Turkey

UK

Uruguay

20% - 30%

Brazil

Ireland

Netherlands

Romania

Tunisia

30%+

Bulgaria

Hong Kong

Latvia

Lithuania

Malaysia

Norway

Vietnam



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Regulatory Environment

- Emerging regulatory challenges:
 - Product display bans
 - Plain packaging
 - Bans on the use of ingredients



Plain Packaging – Australia

- The previous Prime Minister announced his intention to introduce legislation in 2012
- The new minority Government has indicated that it expects to proceed with such a proposal
- The Government's own IP agency has raised concerns:
 - *“IP Australia considers that plain packaging may not be consistent with Australia's intellectual property treaty obligations”*
 - *“Requiring plain packaging would make it easier for counterfeit products to be produced and would make it difficult to readily identify these counterfeit goods”*



Regulatory Environment

- Emerging regulatory challenges:
 - Product display bans
 - Plain packaging
 - Bans on the use of ingredients
- PMI strictly opposes such regulations
- With regard to plain packaging, we believe such a measure would:
 - Constitute a confiscation of the branded product business and violate international treaties
 - Harm competition and encourage illicit trade at the expense of public health objectives and government revenues
- There is no credible evidence that such regulations would reduce consumption, smoking incidence or initiation



Regulatory Environment

- PMI has a proven track record in highly regulated environments
- PMI will use all resources to challenge unreasonable regulatory proposals:
 - Extensive stakeholder engagement based on facts and adverse consequences
 - Use of litigation where necessary



Keys to Success

- Balanced pricing strategy
- Brand and market leadership
- Consumer-relevant innovation
- Cost controls and productivity programs
- Judicious investments behind the business
- Management of the fiscal and regulatory environment



- Sustained profit growth
- Strong and increasing cash flow



Cash Flow Management Strategy

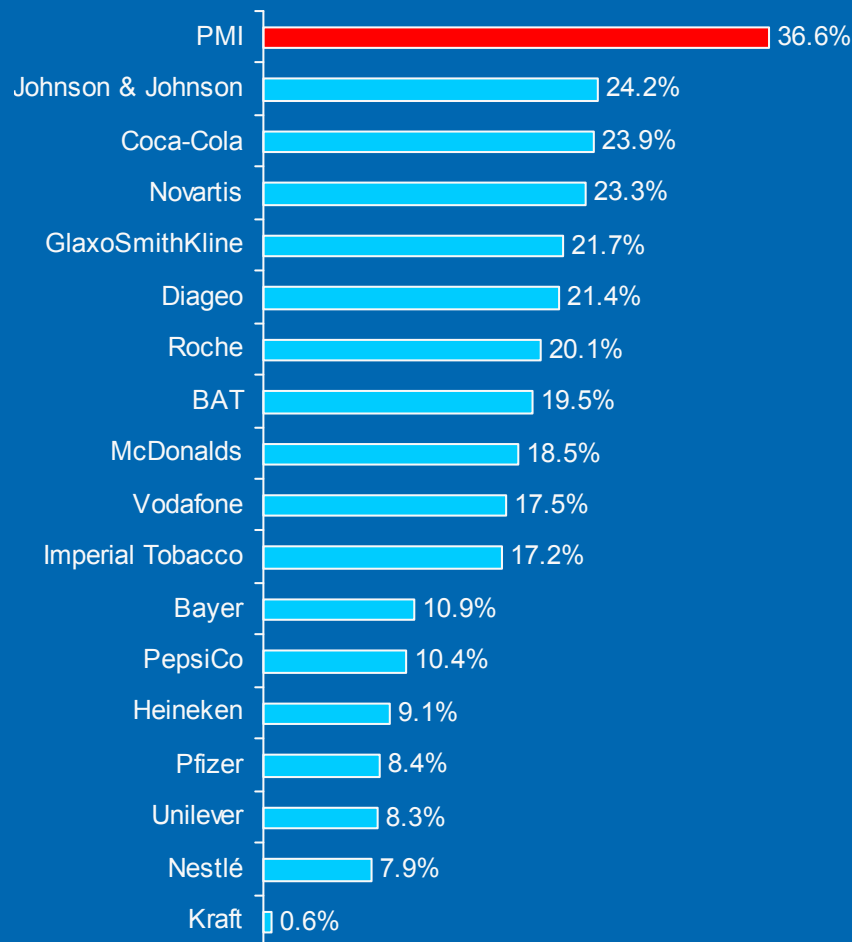
- Majority of target to reduce working capital by \$750 million to \$1 billion over three years has been achieved by:
 - Further optimization of our supply chain, and tobacco leaf and finished goods inventories
 - Forestalling regulations that limit stock build-up at the time of excise tax increases

Free Cash Flow as a % of Net Revenues – YTD Sept, 2010

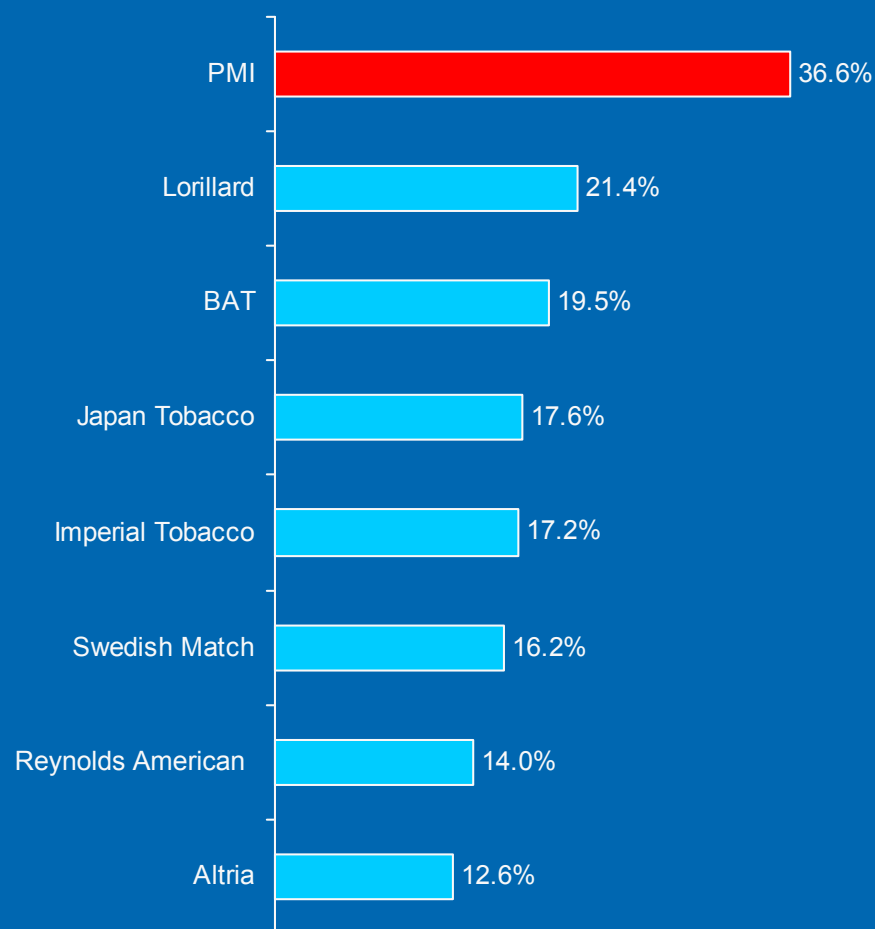


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Peer Group



Tobacco Sector

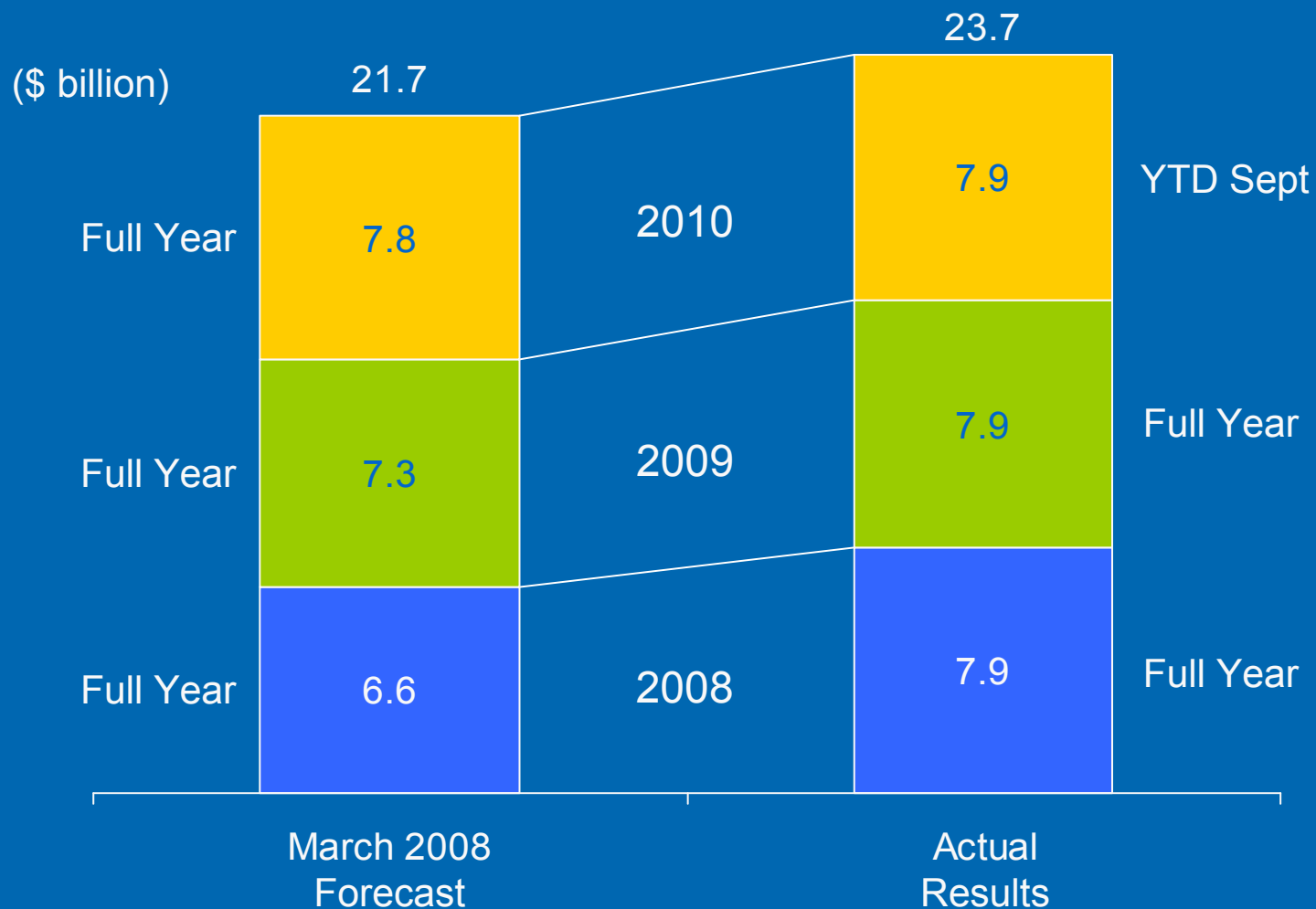


Note: Free cash flow as % of net revenues is defined as total YTD September, 2010 free cash flow over YTD September, 2010 net revenues. Free cash flow is defined as net cash flow from operations less capital expenditures. Vodafone YTD period from September 30, 2009 to March 31, 2010. PMI's free cash flow and net revenues for the period was \$7,373 million and \$20,171 million, respectively

Source: Company filings, compiled by Centerview

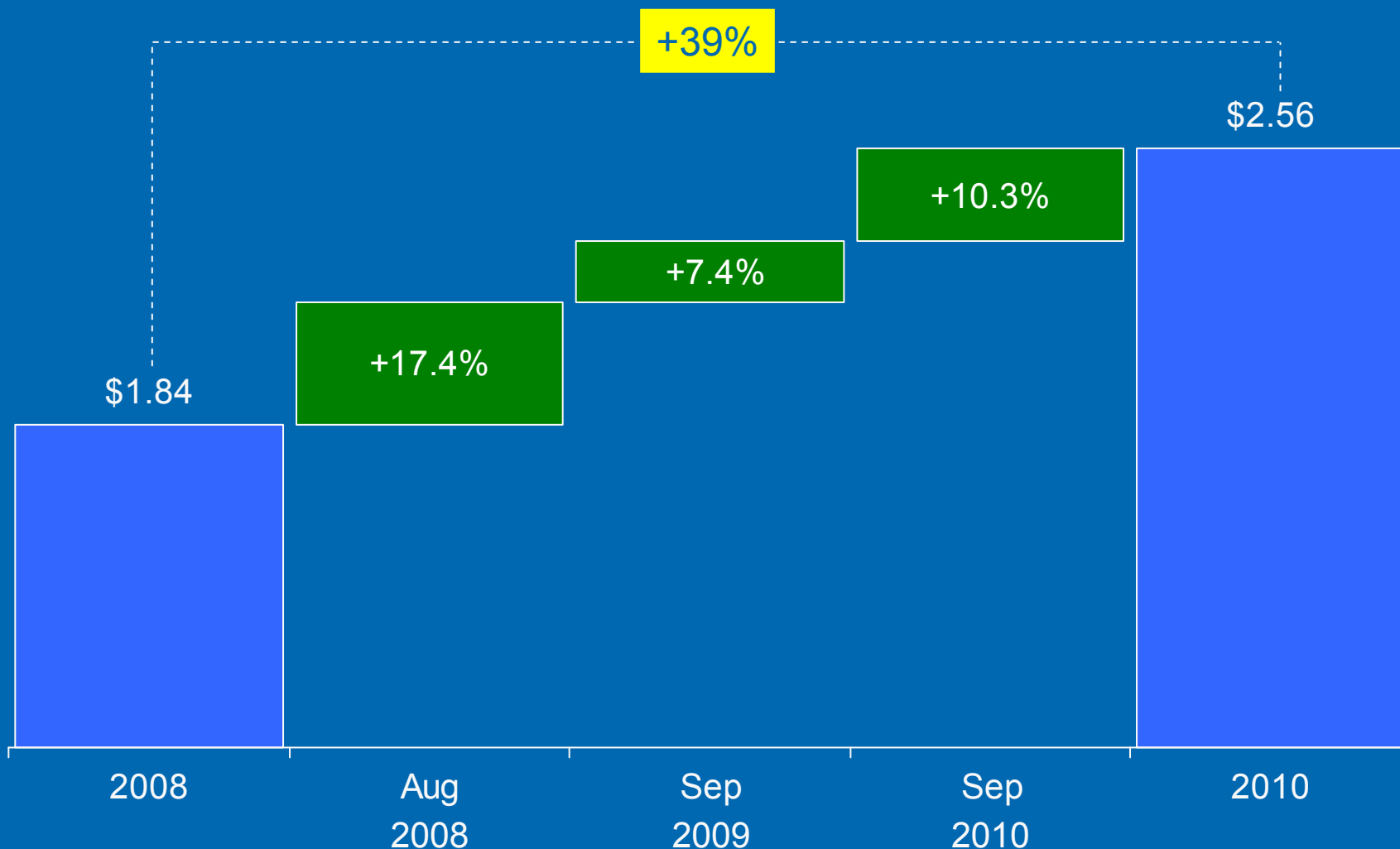


Cumulative Operating Cash Flow (2008-2010)





Dividend Increases Since Spin^(a)



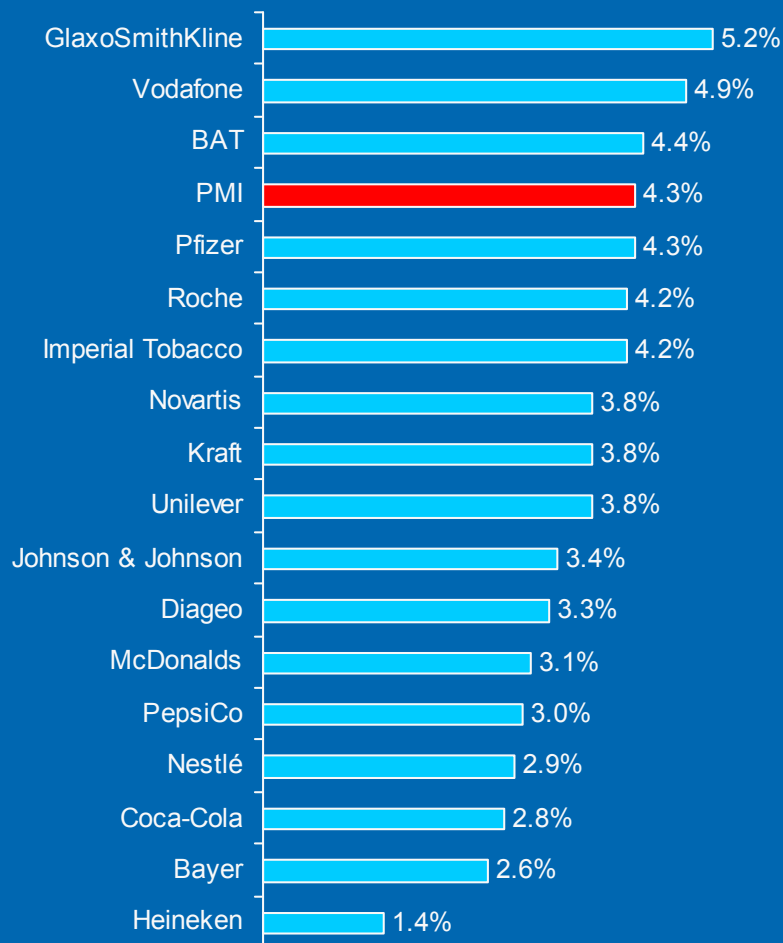
(a) Dividend for 2008 and 2010 are annualized rates. 2008 annualized rate is based on a quarterly dividend of \$0.46 per common share, declared 18 June, 2008. 2010 annualized rate is based on a quarterly dividend of \$0.64 per common share, declared 10 September, 2010

Source: PMI company reports

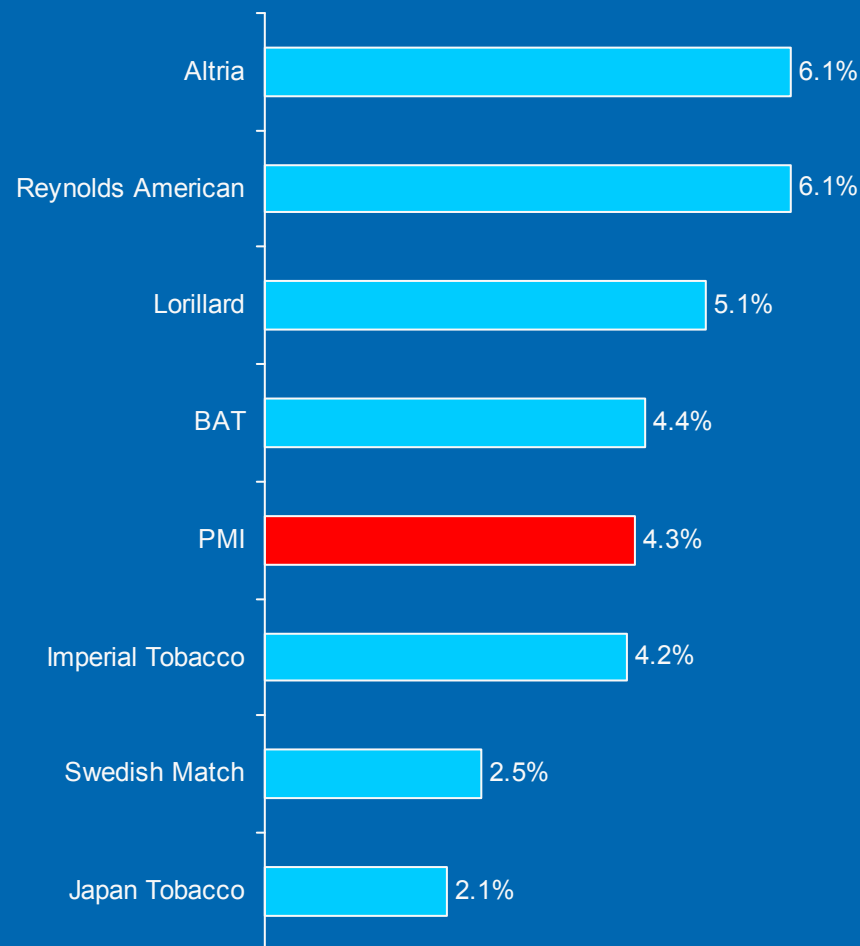


Dividend Yield – November 12, 2010

Peer Group



Tobacco Sector

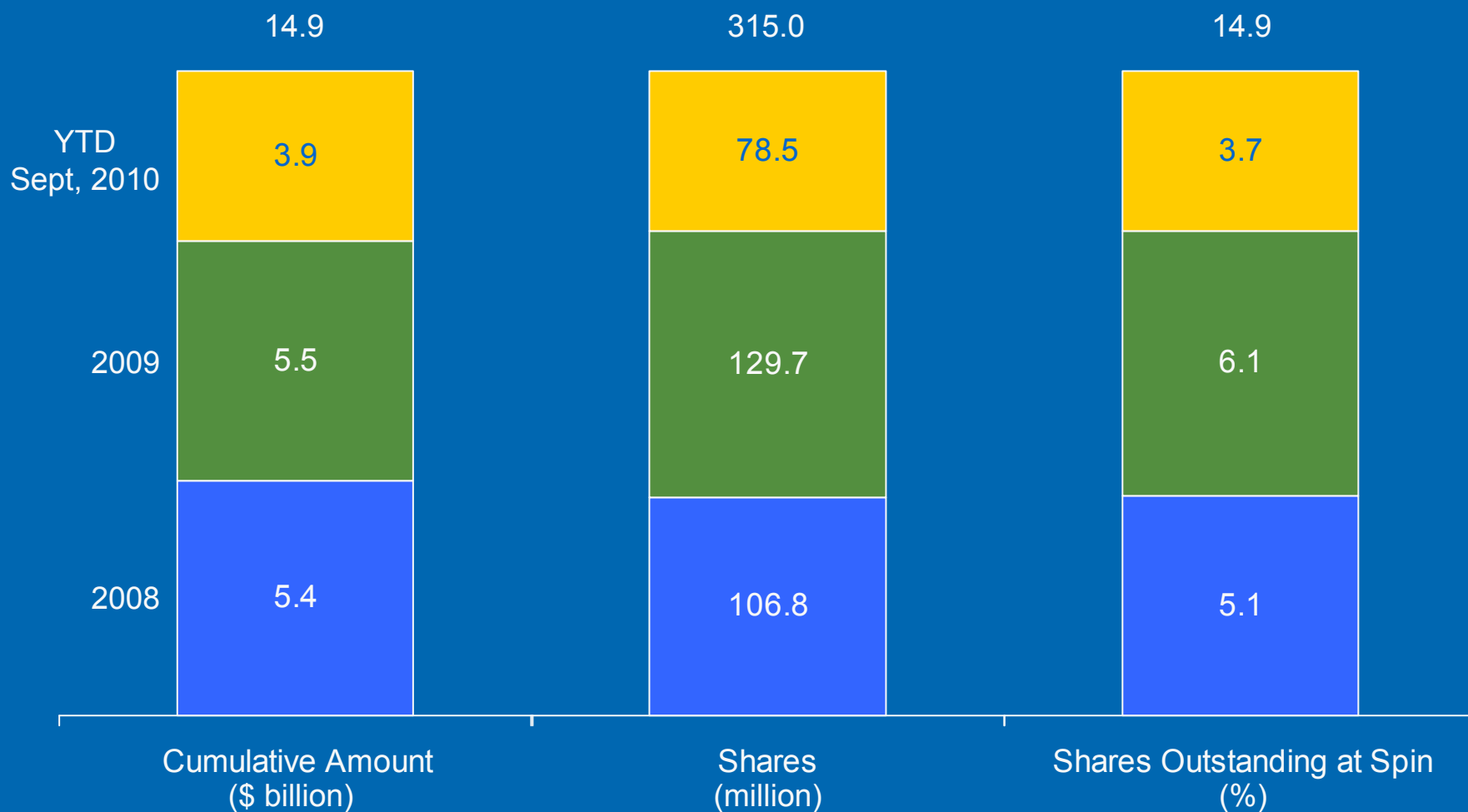


Note: Dividend yield represents the annualized dividend at March 28, 2008, and November 12, 2010, over the closing share price on those dates respectively. The share price for PMI was \$51.06 and \$59.64 as of March 28, 2008, and November 12, 2010, respectively. The annualized dividend on March 28, 2008, and November 12, 2010, was \$1.84 and \$2.56, respectively

Source: Company filings and FactSet, compiled by Centerview



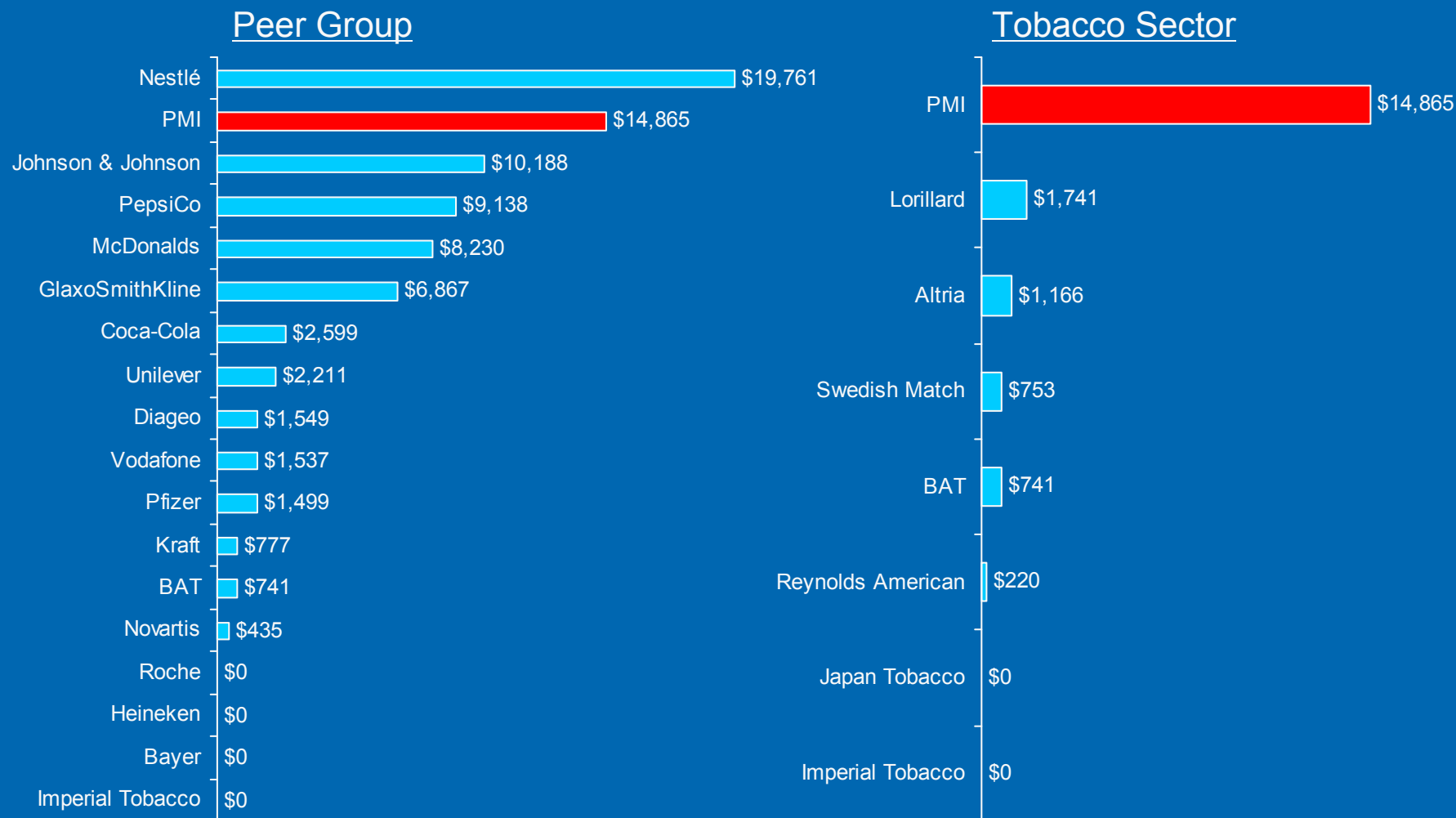
Share Repurchase Program



Note: The outstanding PMI shares at the time of the spin were 2,109 million. Totals may not add due to rounding
Source: PMI Financials



Share Repurchases Since 2008 (\$ Millions)



Note: Reflects the dollar amount of shares repurchased from 2008 to YTD September, 2010, converted at the average exchange rate for each period. Nearest comparable period is used where the 2008 - YTD September, 2010 comparison is unavailable. For PMI the total value of shares repurchased was \$5,399 million, \$5,527 million and \$3,939 million during the 2008, 2009 and YTD September, 2010 periods, respectively

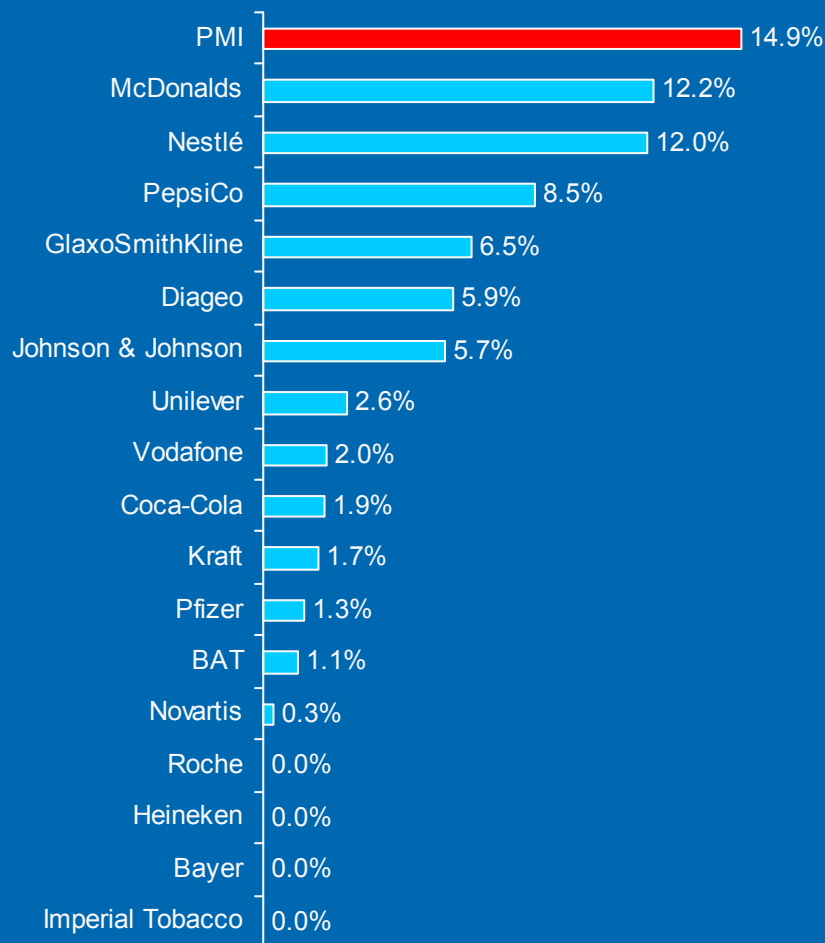
Source: Company filings, compiled by Centerview

Share Repurchases Since Spin as % of Shares Outstanding in 2008

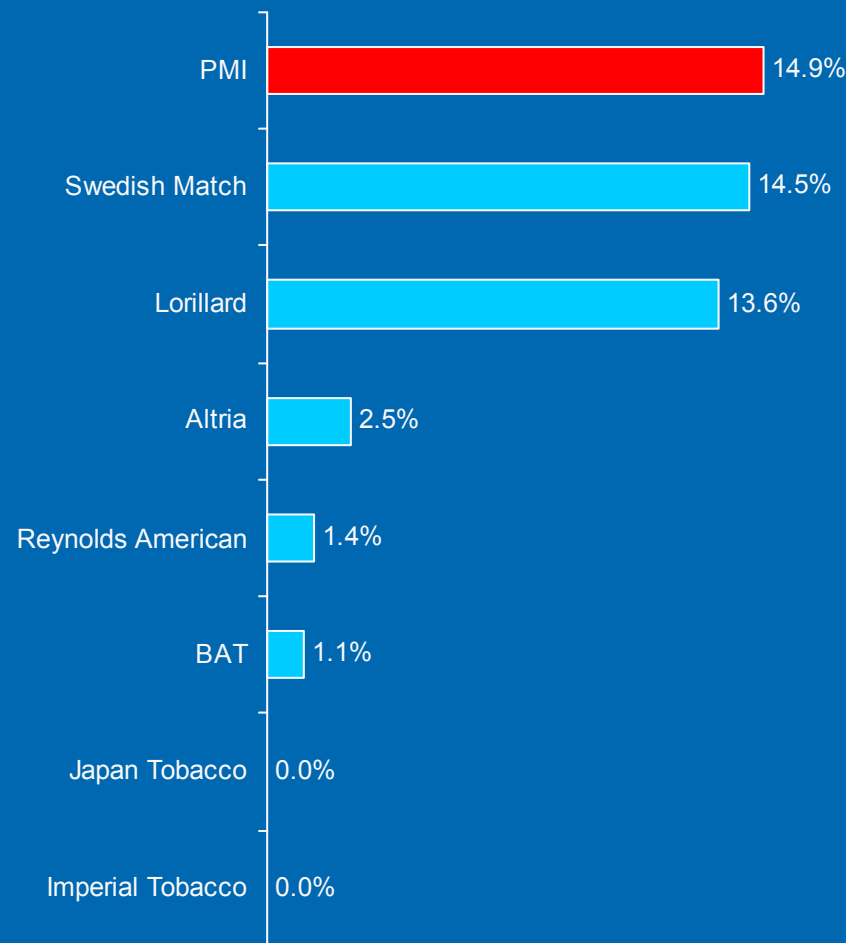


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Peer Group



Tobacco Sector



Note: Reflects the number of shares repurchased during the 2008 to YTD September, 2010 period over the number outstanding at the beginning of the period. Nearest comparable period is used where the 2008 - YTD September, 2010 comparison is unavailable. The total number of PMI shares repurchased during the period was 315 million, reflecting repurchases of 107 million, 130 million and 78 million in the 2008, 2009 and YTD September, 2010 periods, respectively. The outstanding PMI share count at the beginning of the period was 2,109 million

Source: Company filings, compiled by Centerview



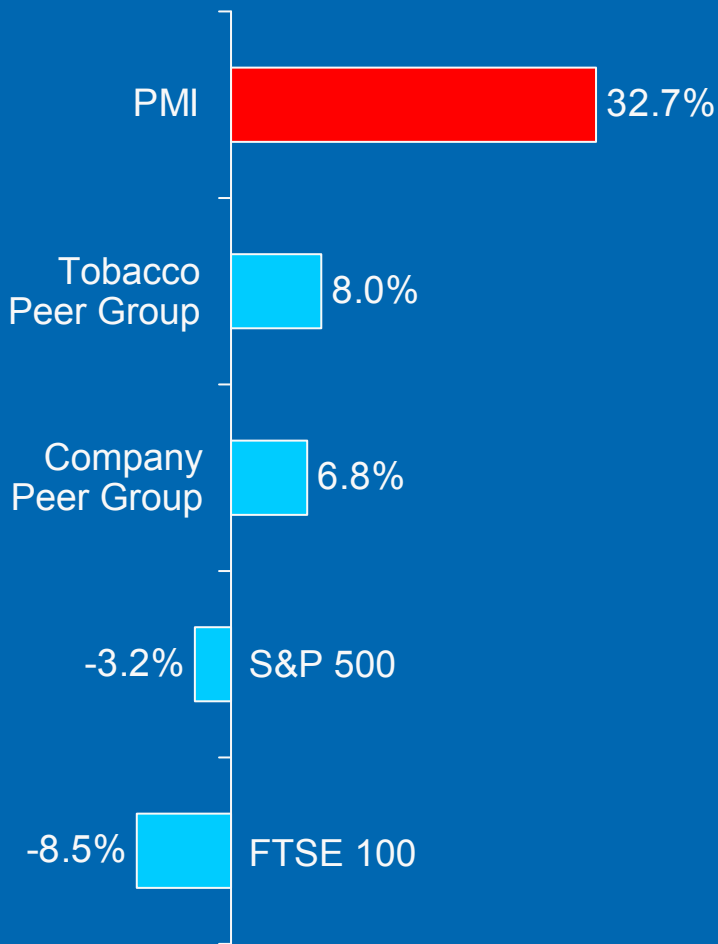
Shareholder Returns 2008-2010

(\$ billion)	<u>2008</u>	<u>2009</u>	<u>2010 LE</u>	<u>Total</u>
Dividends	2.1	4.3	4.4	10.8
Share Repurchases	5.4	5.5	5.0	15.9
Total	7.5	9.8	9.4	26.7

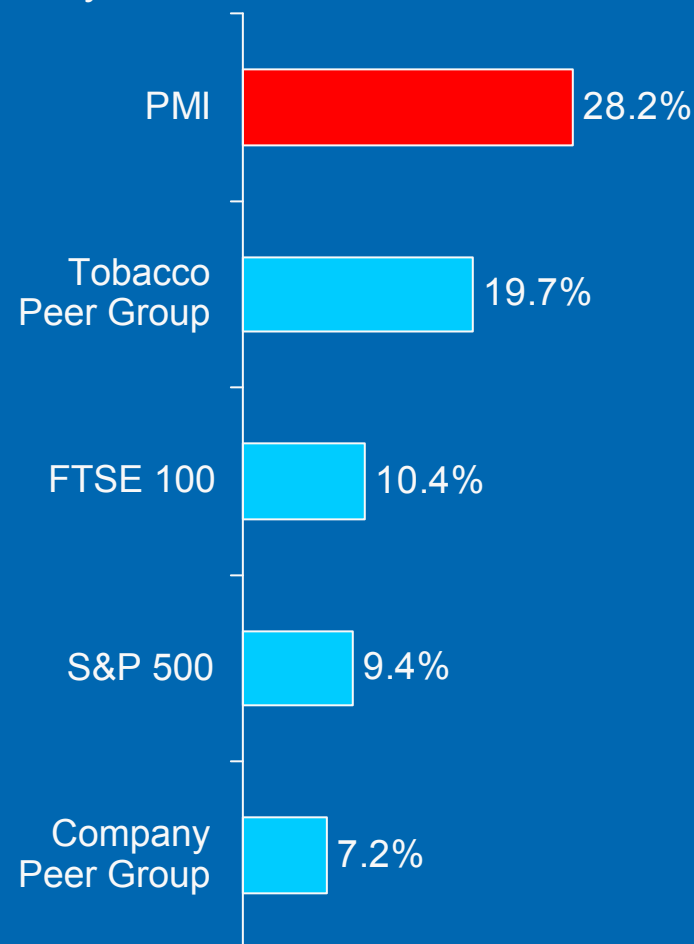


Total Shareholder Return (\$) – Weighted Average

March 28, 2008 – November 12, 2010



January 1, 2010 – November 12, 2010

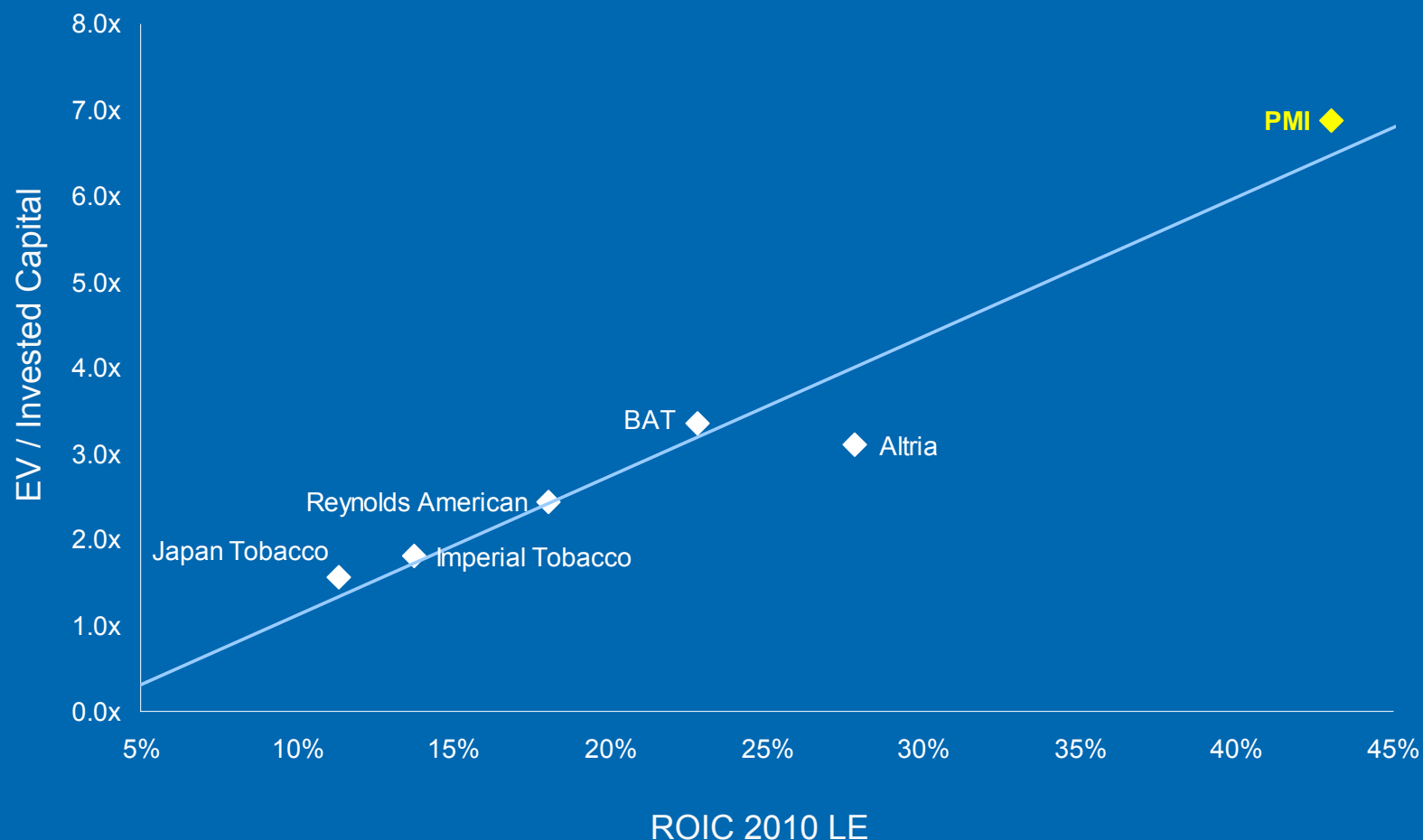


Note: Peer groups represent the weighted average return of the group. PMI pro forma for additional \$0.46 per share dividend paid in April 2008, for period of March 28, 2008 to November 12, 2010

Source: FactSet, compiled by Centerview



EV to Invested Capital vs. ROIC



Note: Return on Invested Capital (ROIC) is calculated as Net Operating Profit After Tax (NOPAT) over invested capital. Invested capital is defined as the sum of debt and shareholders' equity less cash and cash equivalents. NOPAT for PMI is calculated on the last twelve months' adjusted EBIT of \$10,944 and an effective tax rate of 27%. Debt, shareholders' equity, cash and cash equivalents are \$17,447, \$4,532 and \$3,507, respectively. Enterprise Value (EV) is defined as market cap plus debt, minority interest and preferred shares, minus total cash and cash equivalents
Source: Company filings, compiled by Centerview



Summary

- Challenging environment
- Pricing power remains strong behind brand leadership and broad portfolio
- Leadership in both non-OECD and OECD markets, excluding China and USA
- Good market share momentum
- We believe the fiscal and regulatory environment should remain manageable
- Focus on cost controls and working capital management
- Expected growth in profits and cash flow should generate superior returns to our shareholders



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**Morgan Stanley Global Consumer &
Retail Conference
New York, November 17, 2010**

Questions & Answers



Glossary

- Unless otherwise stated, results are compared with those of the same period in the preceding year
- References to PMI volumes refer to PMI shipment data, unless otherwise stated
- Industry volume and market shares are the latest data available from a number of internal and external sources
- Net revenues exclude excise taxes
- PMI defines operating companies income (“OCI”) as operating income before general corporate expenses and amortization of intangibles
- Acquisitions, for the purposes of this presentation, also include our business combination with Fortune Tobacco Corporation in the Philippines
- Organic volume refers to volume excluding acquisitions

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



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Reconciliation of Operating Cash Flow to Free Cash Flow and Free Cash Flow, excluding Currency
For the Nine Months Ended September 30,
(\$ in millions)
(Unaudited)

	For the Nine Months Ended September 30,		% Change
	2010	2009	
Net cash provided by operating activities^(a)	\$ 7,856	\$ 6,419	22.4%
Less:			
Capital expenditures	483	483	
Free cash flow	\$ 7,373	\$ 5,936	24.2%
Less:			
Currency impact	(8)		
Free cash flow, excluding Currency	\$ 7,381	\$ 5,936	24.3%

(a) Operating cash flow

PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

Reconciliation of Non-GAAP Measures



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Calculation of Adjusted EBIT and Invested Capital (\$ in millions) (Unaudited)

	September 30, 2010		
	October ~ December 2009	January ~ September 2010	12 months rolling
Adjusted EBIT:			
Net earnings - Reported	\$ 1,584	\$ 5,688	\$ 7,272
Add back:			
Provision for income taxes	632	2,109	2,741 ^(a)
Earnings before income taxes	\$ 2,216	\$ 7,797	\$ 10,013 ^(a)
Add back:			
Interest expense, net	225	660	885
Operating income ^(b)	\$ 2,441	\$ 8,457	\$ 10,898
Adjustments:			
Asset impairment and exit costs	26	20	46
Adjusted EBIT	\$ 2,467	\$ 8,477	\$ 10,944
			September 30, 2010
Invested Capital:			
Short-term borrowings			\$ 2,416
Current portion of long-term debt			1,436
Long-term debt			13,595
Total Debt			\$ 17,447
Total PMI Stockholders' Equity			4,532
Less: Cash and cash equivalents			3,507
Invested Capital			\$ 25,486

(a) Calculated tax rate of 27.4%

(b) Reported earnings before interest and taxes (Reported EBIT)



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