



PHILIP MORRIS INTERNATIONAL

**Consumer Analyst Group of New York  
(CAGNY) Conference  
February 17, 2010**

Hermann Waldemer  
*Chief Financial Officer*  
Philip Morris International



# Introduction

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- Unless otherwise stated, we will be talking about results in the fourth quarter or the full-year 2009 and comparing them with the same period in 2008
- References to PMI volumes refer to shipment data
- Industry volume and market shares are the latest data available from a number of internal and external sources
- Organic volume refers to volume excluding acquisitions
- Net revenues exclude excise taxes
- Reconciliations of non-GAAP measures included in this presentation to the most comparable GAAP measures are provided at the end of this presentation, and are available on our website



# 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-K for the year ended December 31, 2008, and Form 10-Q for the quarter ended September 30, 2009, filed with the Securities and Exchange Commission.



# Agenda

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- **Review of 2009 results**
- 2010 business outlook
- Superior brand portfolio
- Cost savings and productivity improvements
- Cash flow enhancement and capital structure
- M&A
- Shareholder returns



# PMI Results

	2009 Results (units billion)	% Growth 2009 vs. 2008		Mid to Long-Term Annual Growth Targets
		<u>Actual</u>	<u>Excl. Acquisitions</u>	
Cigarette Volume	864.0	- 0.7%	- 1.5%	1 – 2%



# PMI Results

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Net Revenues	25.0	- 2.6%	+ 5.3%	4 – 6%
Adjusted OCI <sup>(a)</sup>	10.4	- 1.9%	+ 8.7%	6 – 8%

(a) Excludes asset impairment, exit and other costs

Source: PMI Financials. See reconciliations to U.S. GAAP measures at the end of this presentation.



# PMI Results

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Adjusted OCI <sup>(a)</sup>	10.4	- 1.9%	+ 8.7%	6 – 8%
Adjusted Diluted EPS	3.29	- 0.6%	+ 15.4% <sup>(b)</sup>	10 – 12%

(a) Excludes asset impairment, exit and other costs

(b) Only excludes currency

Source: PMI Financials. See reconciliations to U.S. GAAP measures at the end of this presentation.





# Agenda

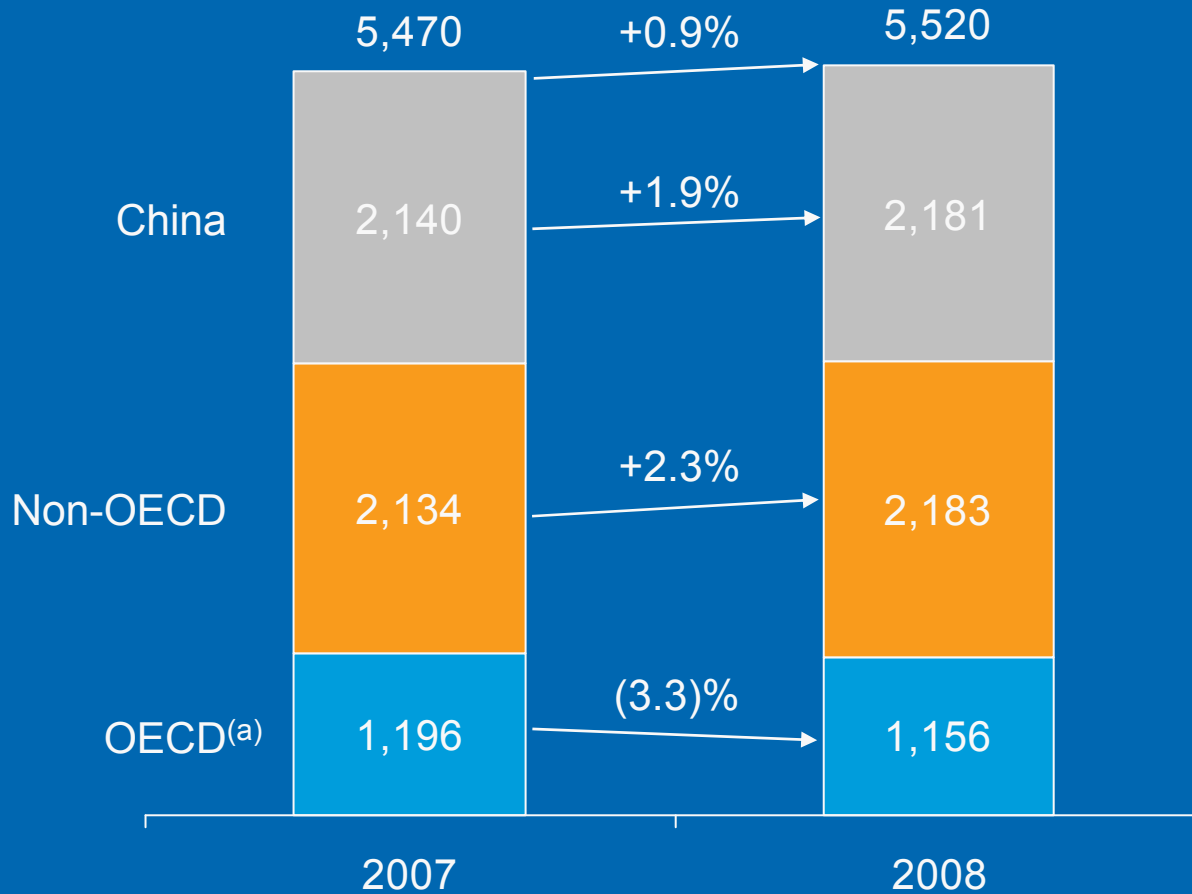
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# Cigarette Industry Volume

(billion units)



(a) Excluding USA and duty-free

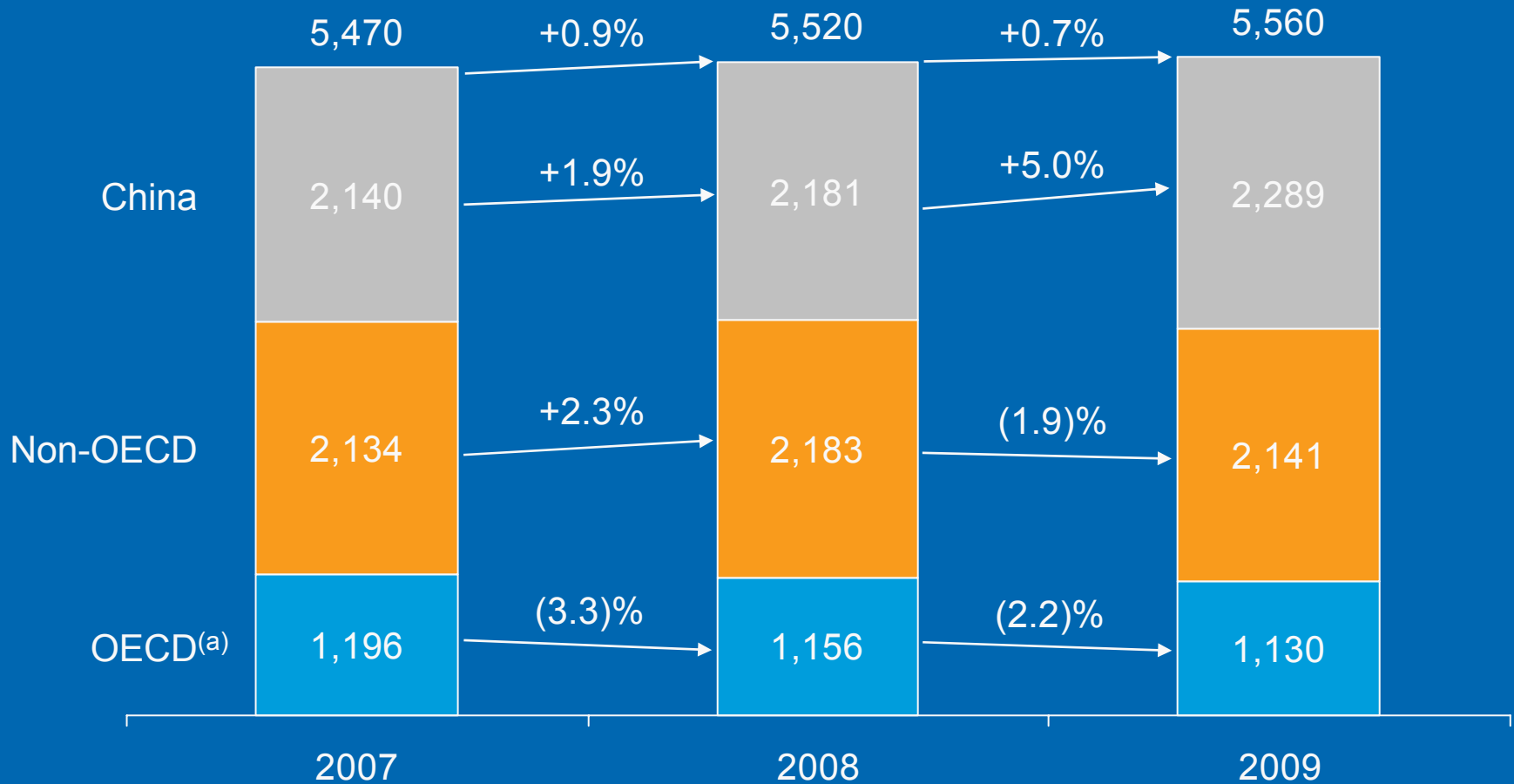
Note: Organization for Economic Co-operation and Development ("OECD")

Source: PMI estimates



# Cigarette Industry Volume

(billion units)



(a) Excluding USA and duty-free

Note: Organization for Economic Co-operation and Development ("OECD")

Source: PMI estimates



## Industry Volume Trends : OECD

- Western Europe underlying trend: -2.5% to -3.0% a year
- Central Europe was declining faster, driven by excise tax increases related to EU accession, but volume decline rate should in future be in line with Western Europe
- Japan underlying trend : -3.5% to -4.0% a year
- In 2010/11, Japan volume decline will depend on the price/tax outcome



## Industry Volume Trends : Non-OECD

- Driven by Russia (390 billion units in 2009) and Indonesia (260 billion units)
- Russian market grew by 3.5% in 2008, but declined by 2.7% in 2009
- Indonesian market continued to grow in 2009 at previous pace of 4-5% a year



## Industry Volume Trends : Outlook for 2010

- Emerging markets in Asia, such as Indonesia, to grow
- Volumes in Russia to gradually stabilize
- Volatility in Ukraine and adverse impact of large tax-driven price increases in Turkey
- Western Europe to follow recent underlying volume trend
- Central Europe trends to converge with Western Europe
- Underlying volume decline in Japan, with additional impact of tax increase, which is difficult to predict
- Forecast for global industry volume, excluding China and the United States, is decline of around 2% in 2010, in line with 2009 trend



## PMI Volume Trends : 2010 and Beyond

- Share improvements should enable us to outperform the industry again in 2010
- PMI organic volume performance in 2010 expected to be similar to 2009, namely down around 1.5%
- Progressive return to our 1% annual organic growth target should be feasible, once the economic recovery translates into higher employment levels and improved consumer confidence, thanks to:
  - Excellent geographic footprint
  - Strength and breadth of our brand portfolio



# Net Revenues

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- While volume is important, our prime focus is on growing net revenues by 4-6% a year, excluding currency and acquisitions
- Key factors influencing net revenues are excise taxes and prices





# Excise Taxation

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- Rate of increase and structure are of paramount importance
- Desirable approach is regular, reasonable increases:
  - Government revenues are enhanced
  - Manageable from industry perspective
- Large excise tax increases are disruptive and often have unintended consequences, such as encouraging contraband and counterfeit



# Excise Taxation

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- Most governments implement reasonable rate increases or participate in price increases through ad-valorem tax elements:
  - Australia, Mexico and Russia are good examples of first approach
  - France and Italy are good examples of second approach
- From time to time, some governments implement unreasonable increases:
  - Brazil and Ukraine in 2009
  - Greece, Romania and Turkey in 2010



## Excise Taxation – Turkey

- Government increased ad-valorem excise tax rate from 58% to 63%
- Minimum excise tax was raised from TRL 2.05/pack to TRL 2.65/pack
- PMI increased retail prices in a magnitude that safeguards our unit margins:
  - *Marlboro* from TRL 5.50/pack to TRL 7.00/pack
  - *Lark* from TRL 3.50/pack to TRL 4.50/pack



## Excise Taxation – Japan

(Yen per pack of 20)	<u>Current</u>	<u>Proposed</u>	<u>Variance</u>
National Excise Tax	71.04	106.04	35.00
Local Excise Tax	87.44	122.44	35.00
Special Tobacco Tax	<u>16.40</u>	<u>16.40</u>	<u>-</u>
Total	174.88	244.88	70.00

- Consumption tax of 5% to be left unchanged
- Trade margins currently 10% of retail price
- Unit revenue neutral pass-on retail price increase: 82 Yen per pack
- Key PMI objective is to obtain pricing freedom



# Excise Taxation

- From a structural perspective, what is needed is a system that protects government revenues and supports public health objectives:
  - Specific excise taxes
  - Minimum excise taxes
  - Minimum reference prices
- Today, one or more of these are in place in 23 of PMI's top 25 OCI markets



# 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 almost specific excise tax system
Minimum Excise Tax	No cap	Cap at 100% of MPPC	Fiscal tool that limits downtrading

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

Source: European Union Commission



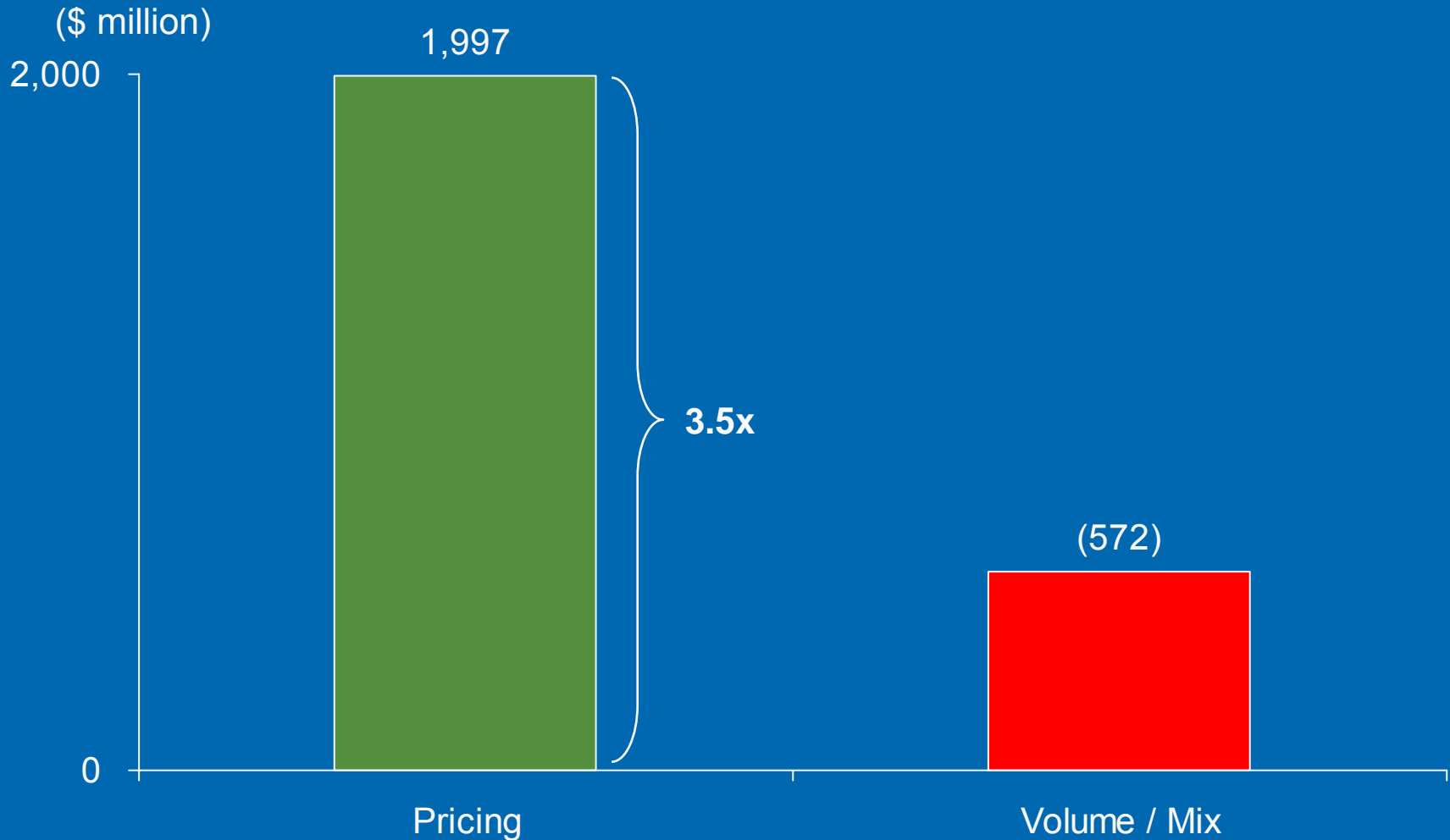
# Pricing Strategy

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- Visible, predictable excise taxation provides strong framework to optimize pricing decisions
- Key is balanced pricing, on a market by market basis, taking into account:
  - Consumer affordability
  - Competitive environment
  - Margin enhancement vs. volume/mix impact



# Pricing Variance vs. Volume/Mix (2009)







# Pricing

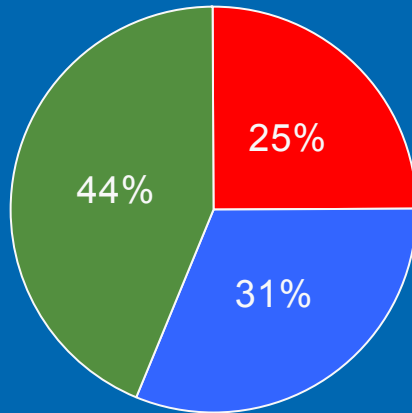
- In last twelve months, PMI implemented price increases notably in:

EU	EEMA	Asia	LA & Canada
France	Romania	Australia	Argentina
Germany	Russia	Indonesia	Brazil
Italy	Saudi Arabia	Malaysia	Canada
Poland	Serbia	Pakistan	Dominican Rep.
Spain	Turkey	Philippines	Mexico
UK	Ukraine		

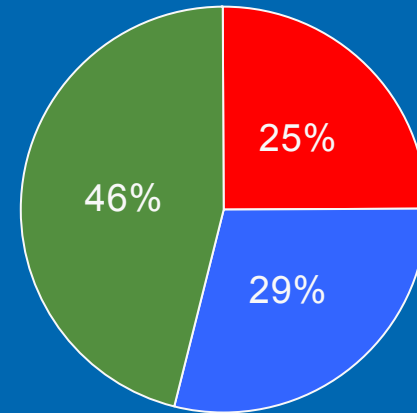
- As of end of January, two-thirds of pricing embedded in our 2010 EPS guidance already implemented



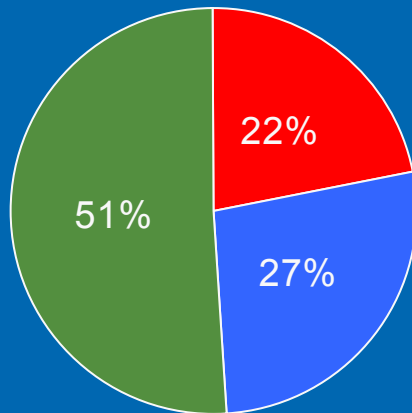
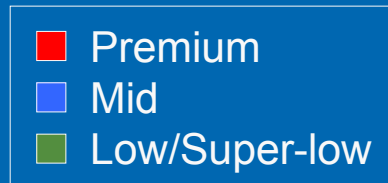
# Russia – PMI Shipment Volume by Price Segment



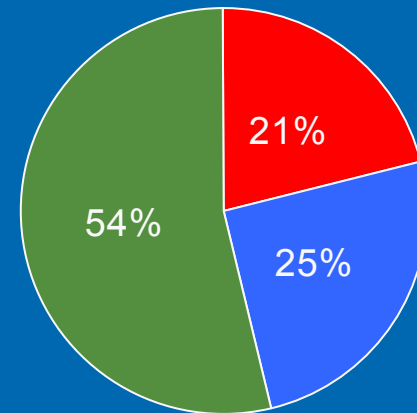
H1, 2008



H2, 2008



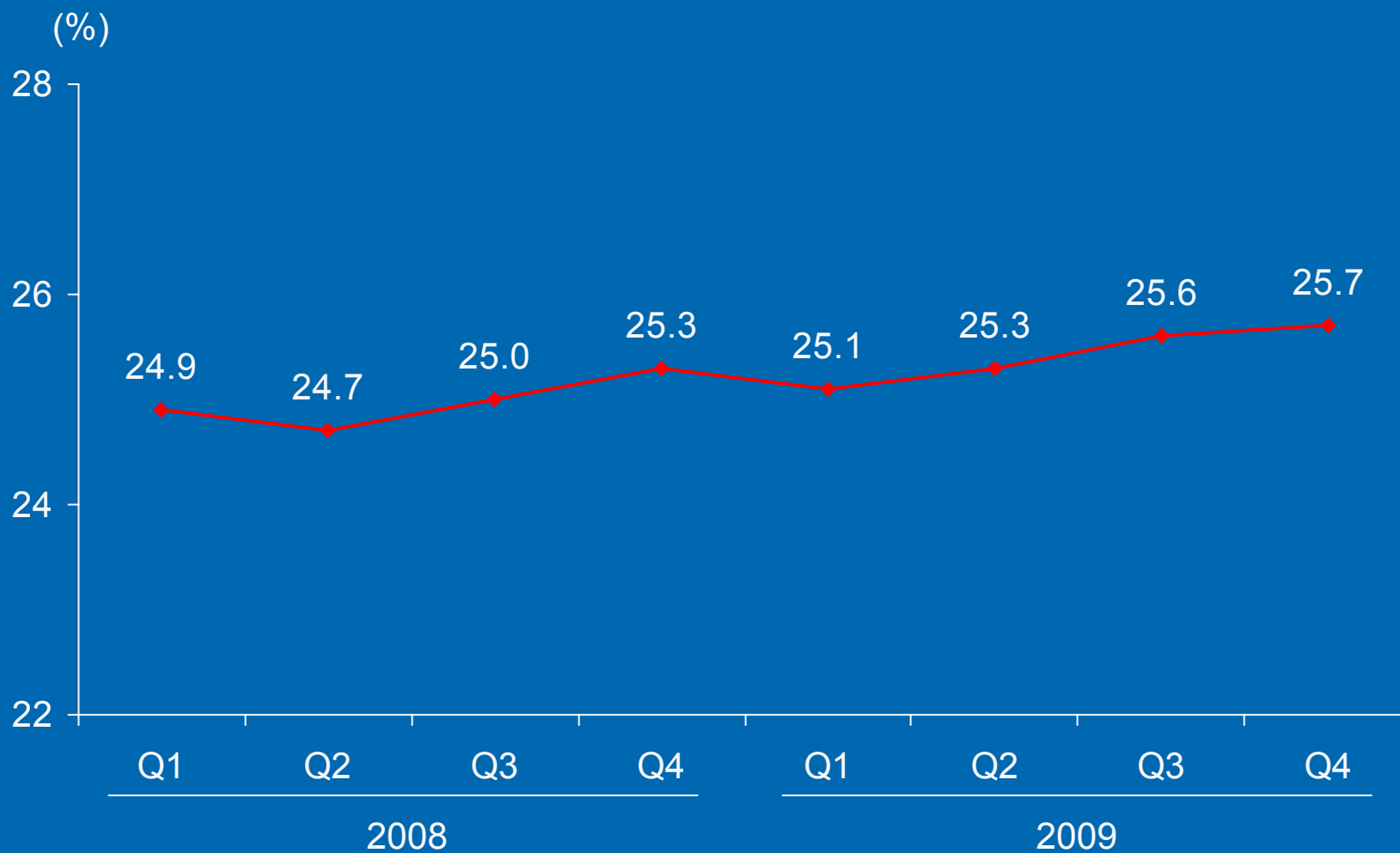
H1, 2009



H2, 2009

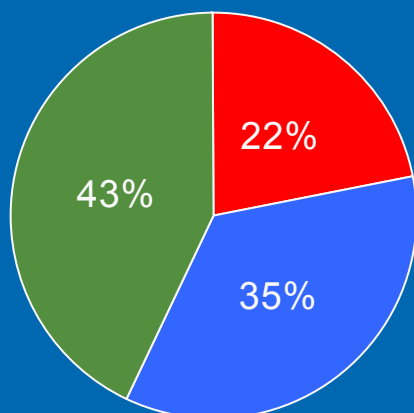


# Russia – PMI Market Share

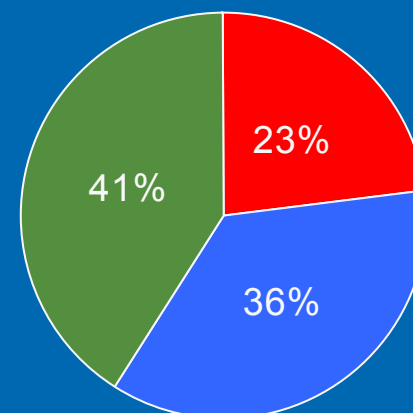




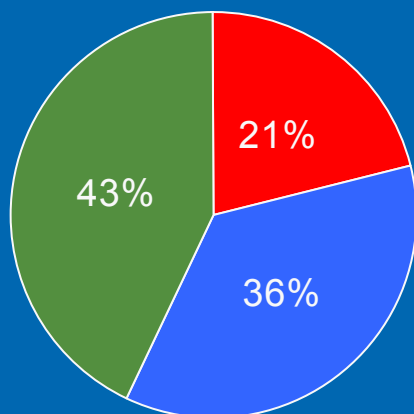
# Ukraine – PMI Shipment Volume by Price Segment



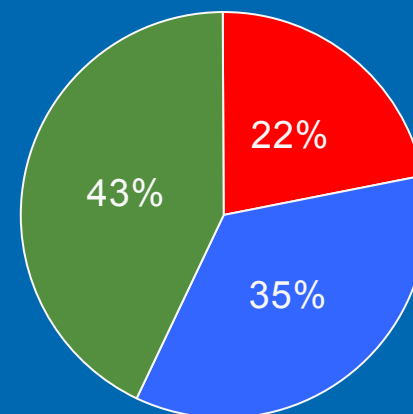
H1, 2008



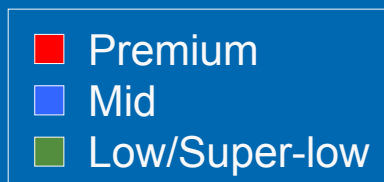
H2, 2008



H1, 2009



H2, 2009





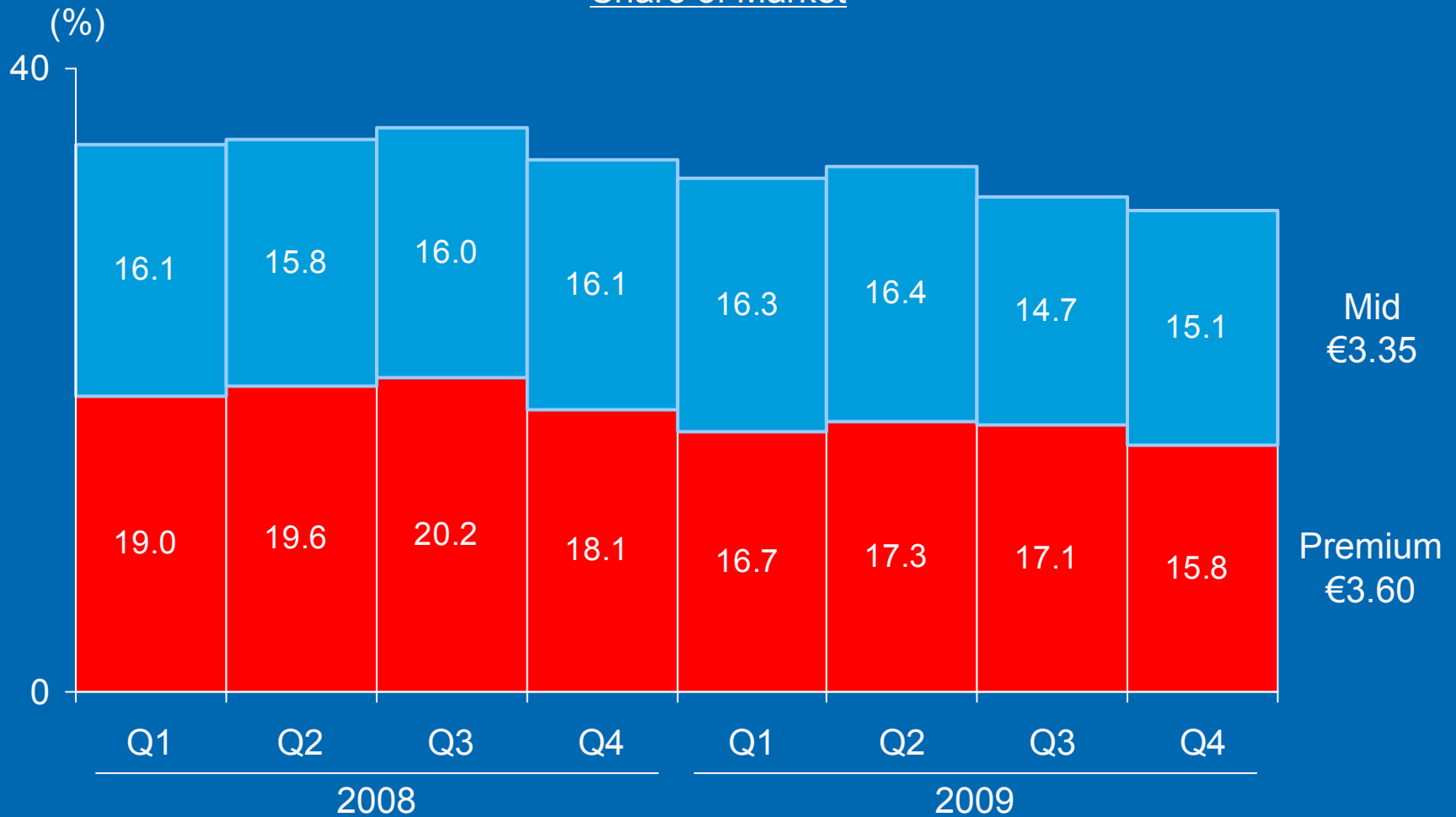
# Ukraine – PMI Market Share





# Spain – Price Segmentation

Share of Market





# Spain – PMI Market Share





# Agenda

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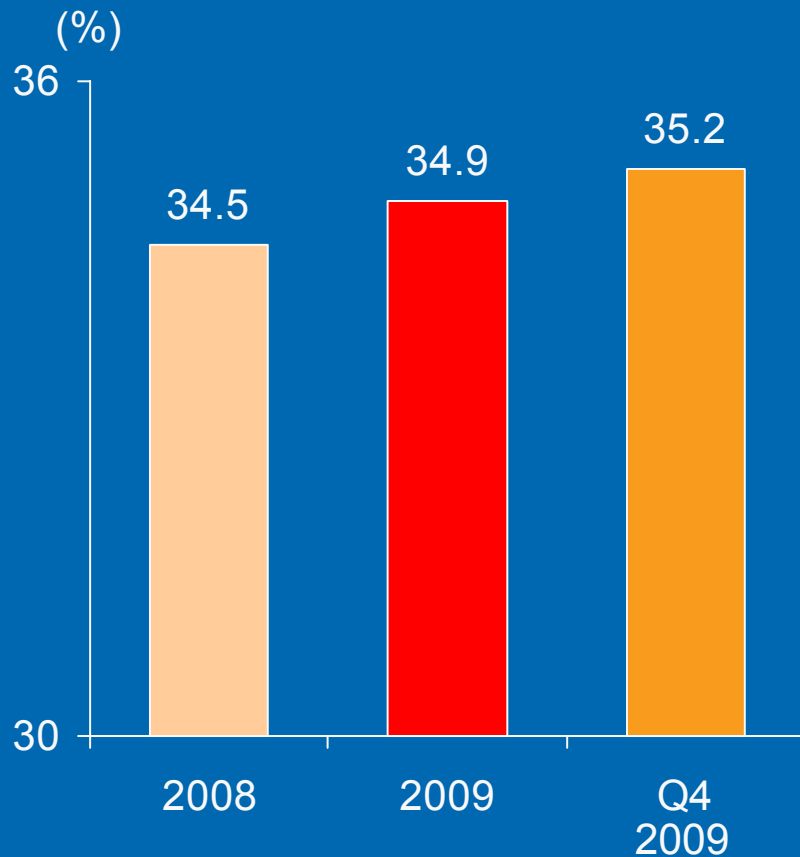
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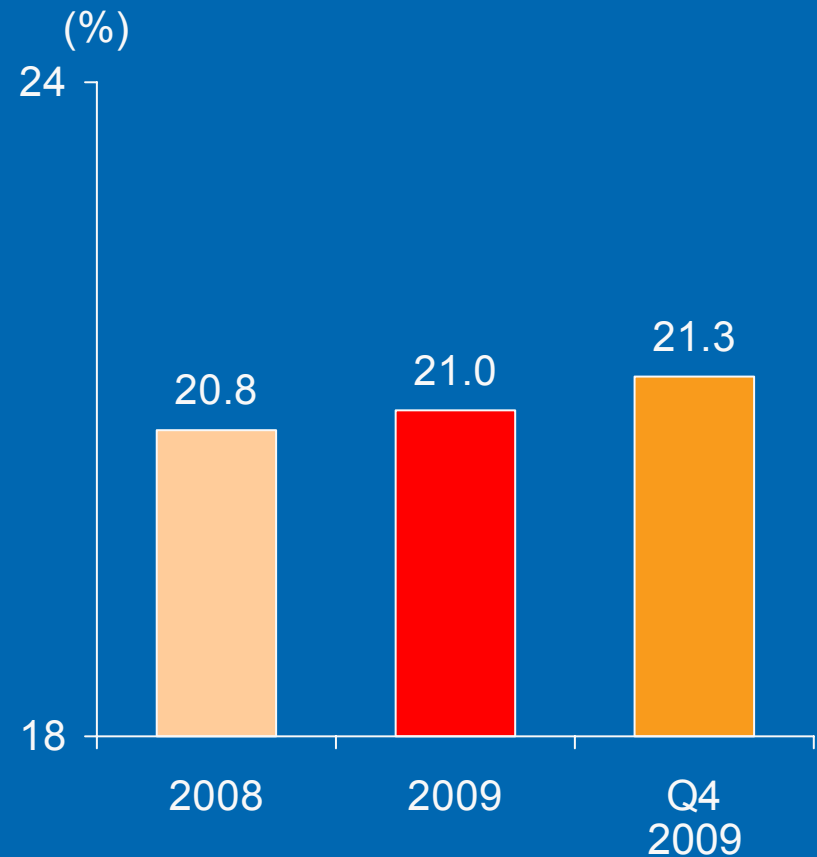


# PMI Share Developments

OECD markets<sup>(a)</sup>



Non-OECD markets<sup>(b)</sup>



(a) Excluding USA and duty-free

(b) Excluding PRC and duty-free

Note: For definition of OECD countries, refer to PMI's Registration Statement on Form 10 (page 68) dated March 5, 2008

Source: PMI estimates

- The only truly global cigarette brand
- Volume grew by 4.3% in Asia and by double digits in North Africa in 2009
- Global volume adversely impacted in 2009 by:
  - Continued overall market contractions in developed markets
  - Consumer downtrading in selected markets
- *Marlboro* share in Japan was up 0.4 points to 10.5% in 2009
- Market share gains in many markets, driven by:
  - New *Marlboro* architecture
  - Innovative line extensions

# Marlboro Flavor Line



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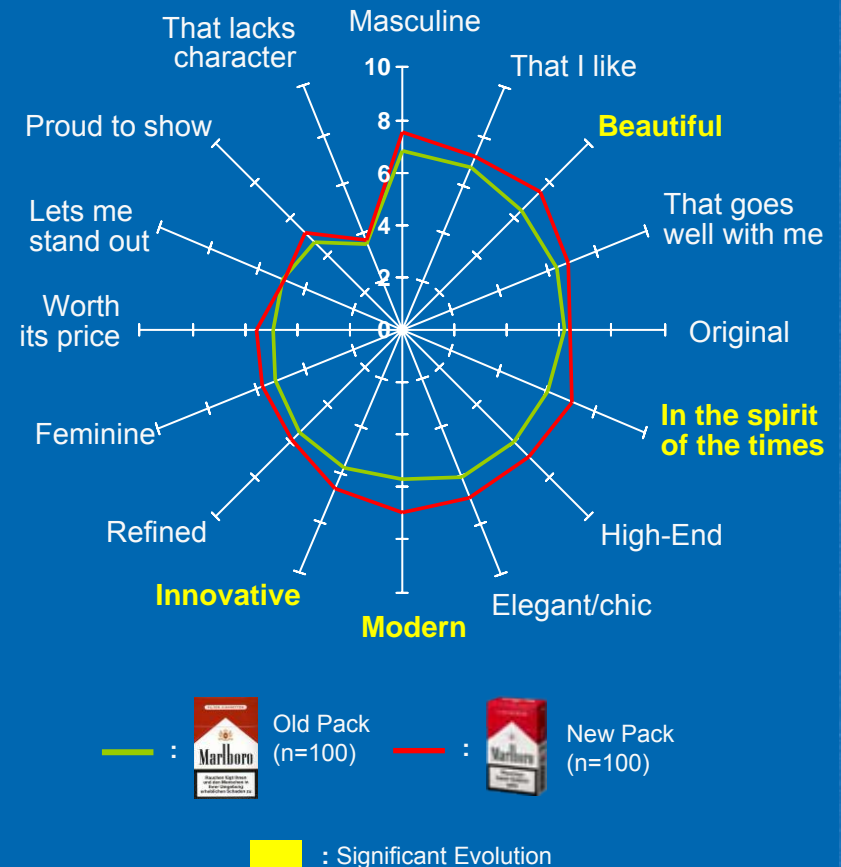




# Marlboro Red

- Upgraded packaging
- Positive consumer reaction
- Introduced in nine markets (32% of worldwide volume)
- By year end, expect to cover 75% of worldwide volume

## New Pack Perception Results – France





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# Marlboro Filter and Flavor Plus

- First introduced in Korea in November 2007
- Currently available in 38 markets worldwide
- Helping to build PMI share in ultra-light and 1mg segments
- Positive “halo” effect on parent brand

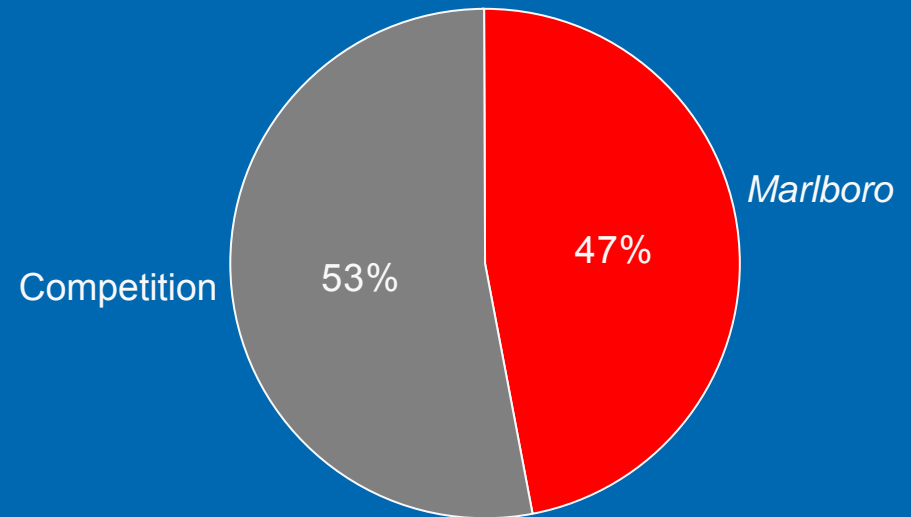
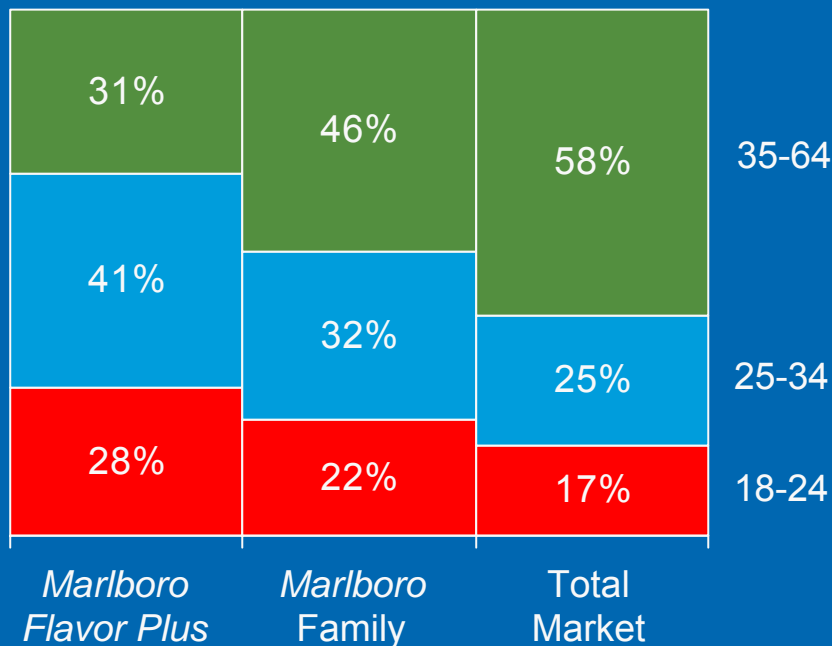




# Marlboro Flavor Plus – Slovakia

- 6mg variant launched in October 2008
- 0.7% share of market in Q4, 2009

Age Profile



Cannibalization Rate

# Marlboro Gold Line



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# Marlboro Gold Touch

- Slightly slimmer cigarette
- Novel packaging
- Launched in 2009 in 8 markets
- In Q4, 2009, *Marlboro Gold Touch* achieved market share of:
  - 1.5% in Italy
  - 0.8% in Romania
  - 0.6% in Greece



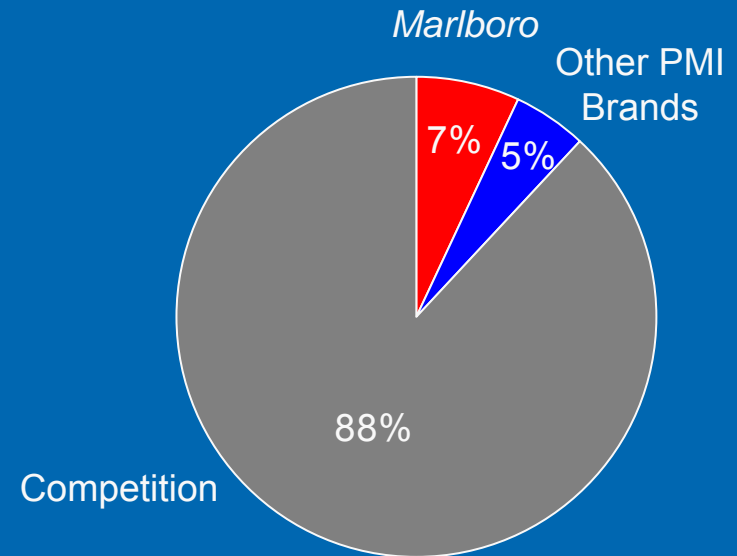
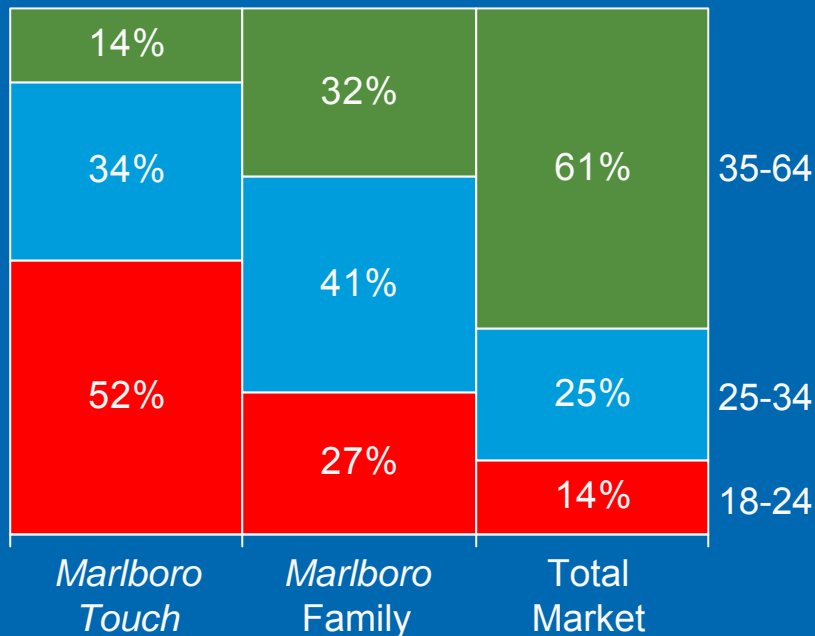




# Marlboro Gold Touch – Russia

- Introduced in 6mg (*Gold Touch*) and 4mg (*Fine Touch*) in Moscow in July 2009
- In December, combined 0.5% share in Moscow

Age Profile



Cannibalization Rate



# Marlboro Fresh Line Up

- Innovative technological approach include:
  - Different levels of mentholation
  - Mentholated threads in the filter
  - Capsules in the filter
- Delivers different freshness sensations

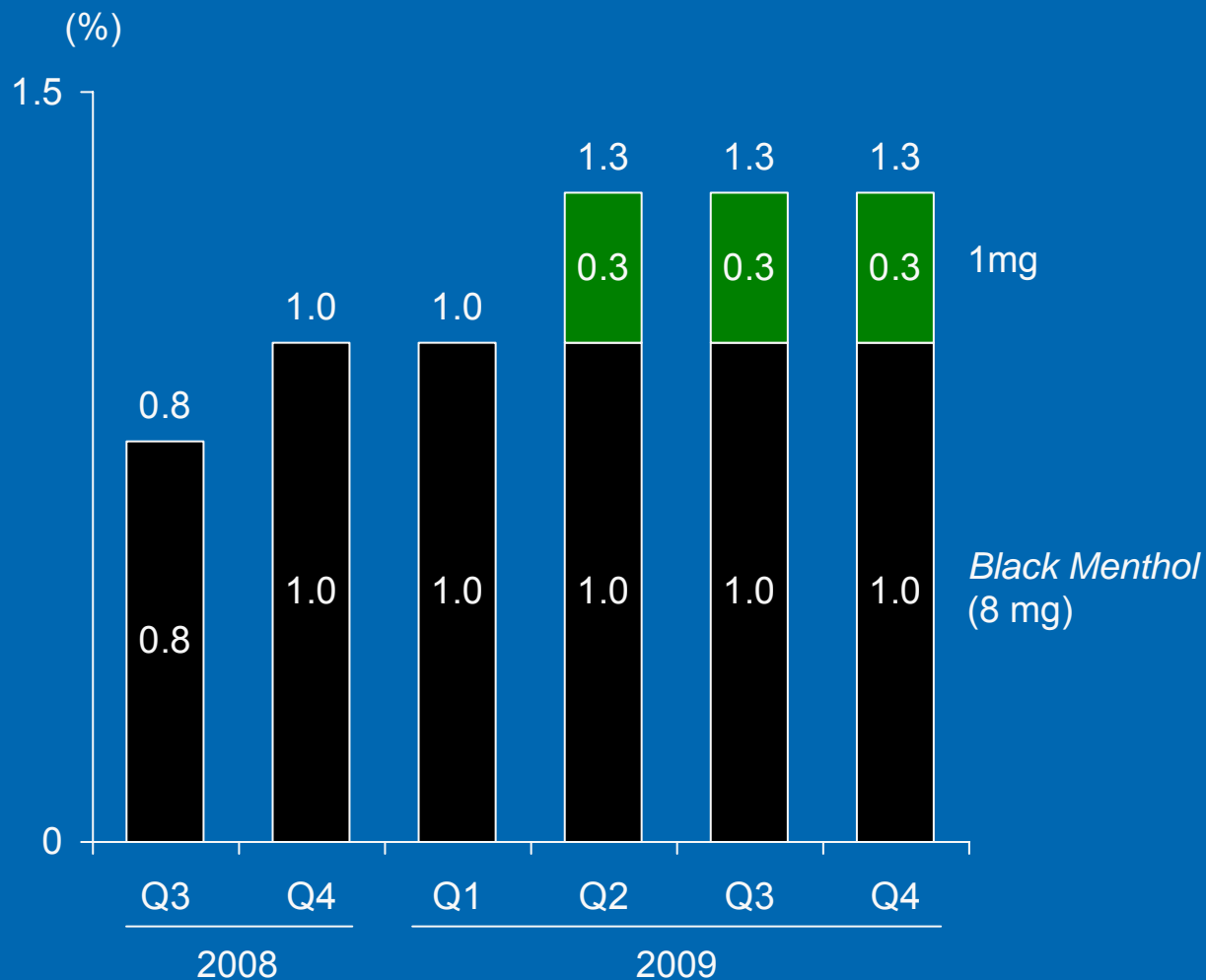


# Marlboro Black Menthol – Japan

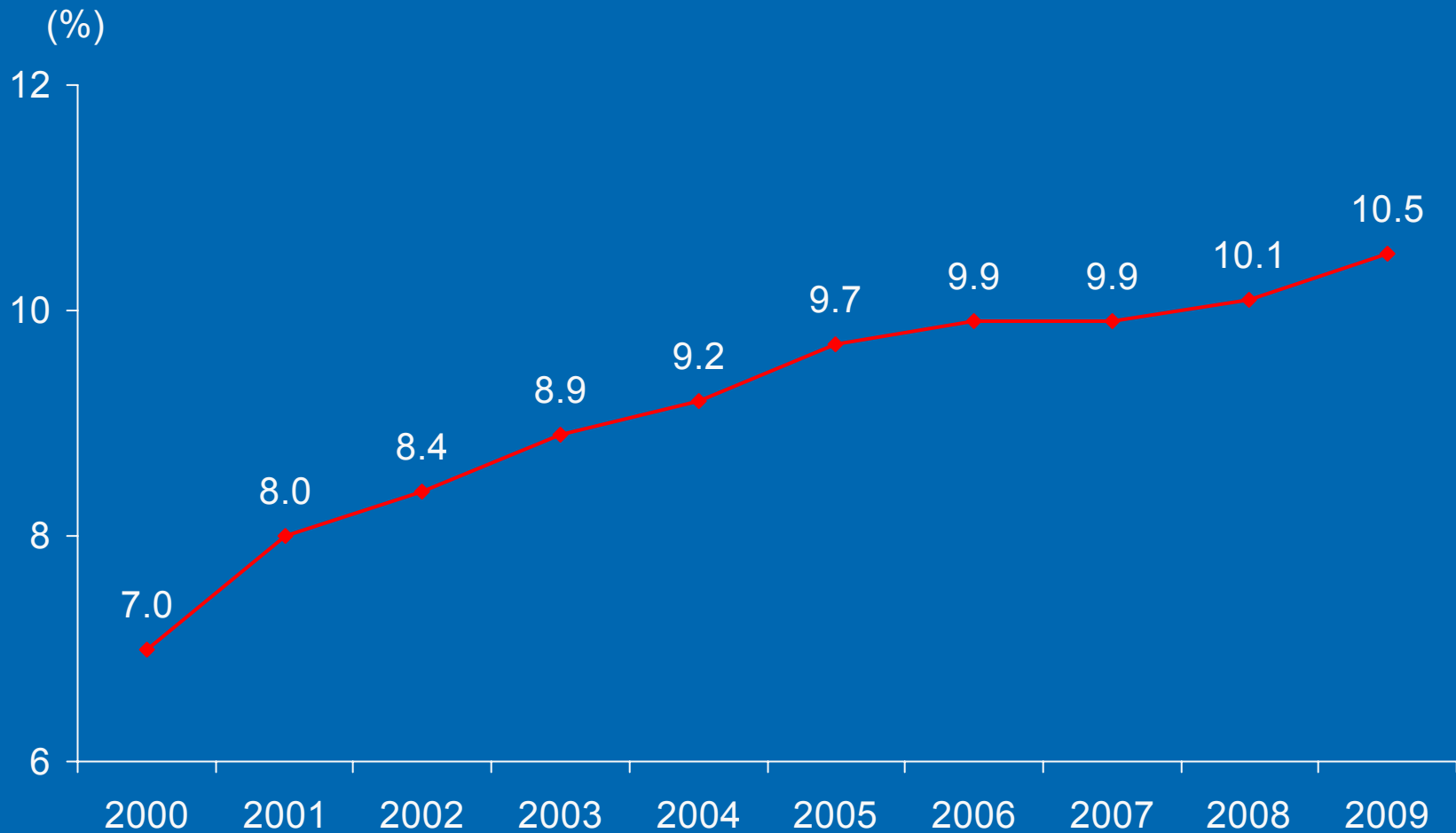


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Share of Market



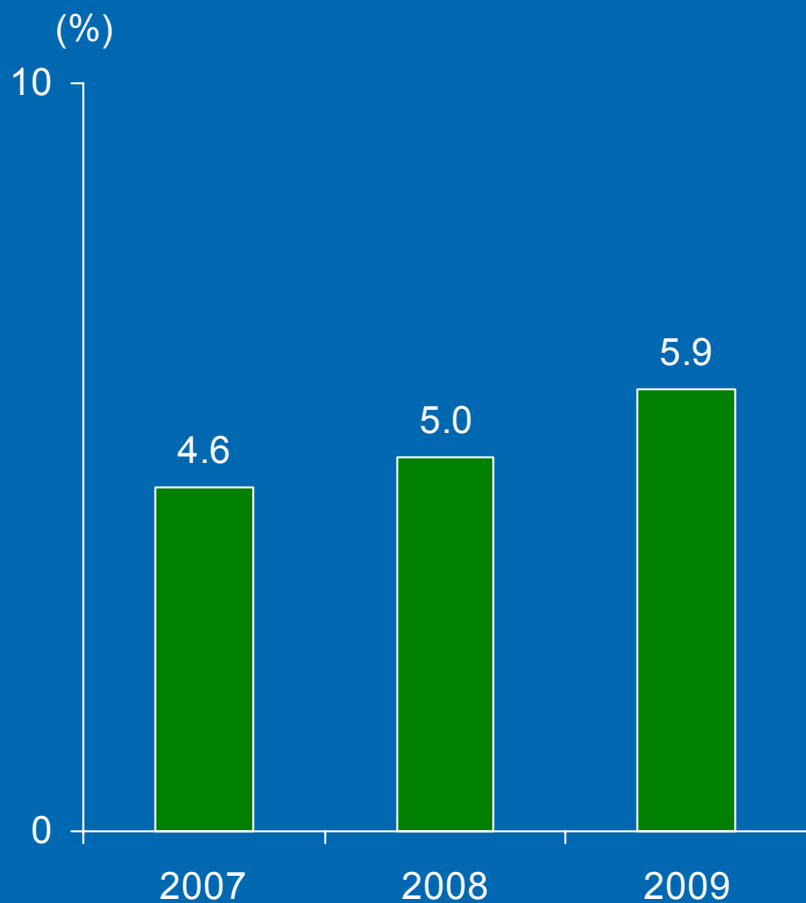
## Marlboro Share of Market



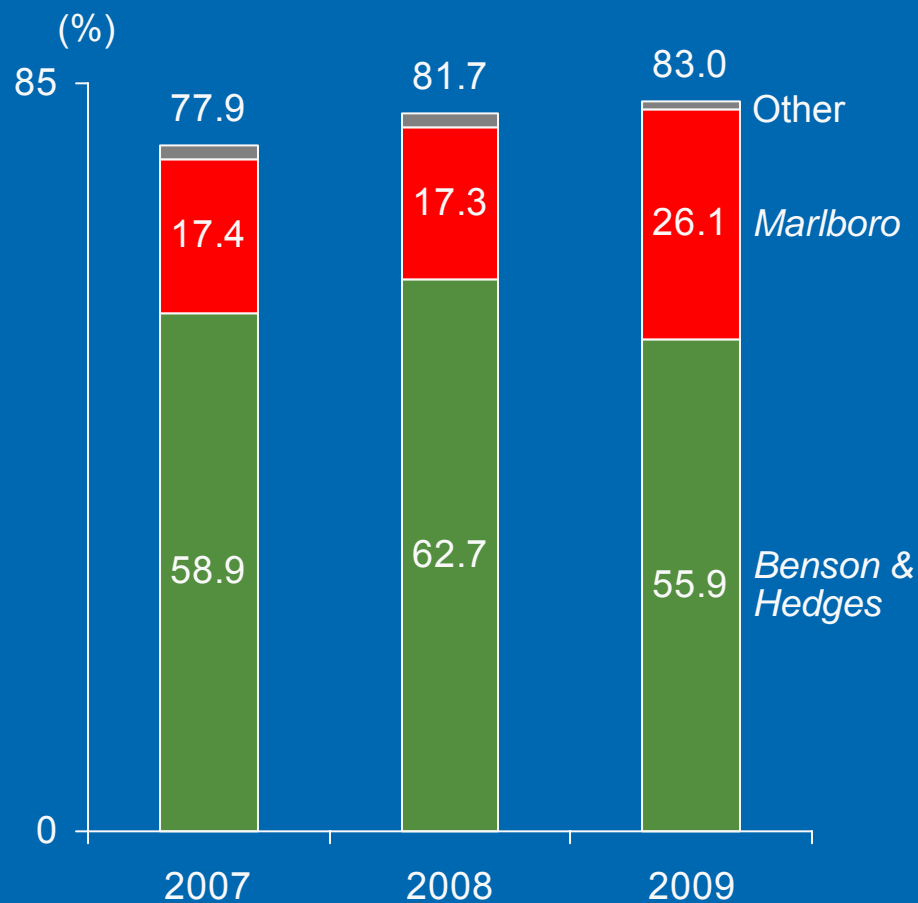


# Menthol – Mexico

Menthol Share of Market

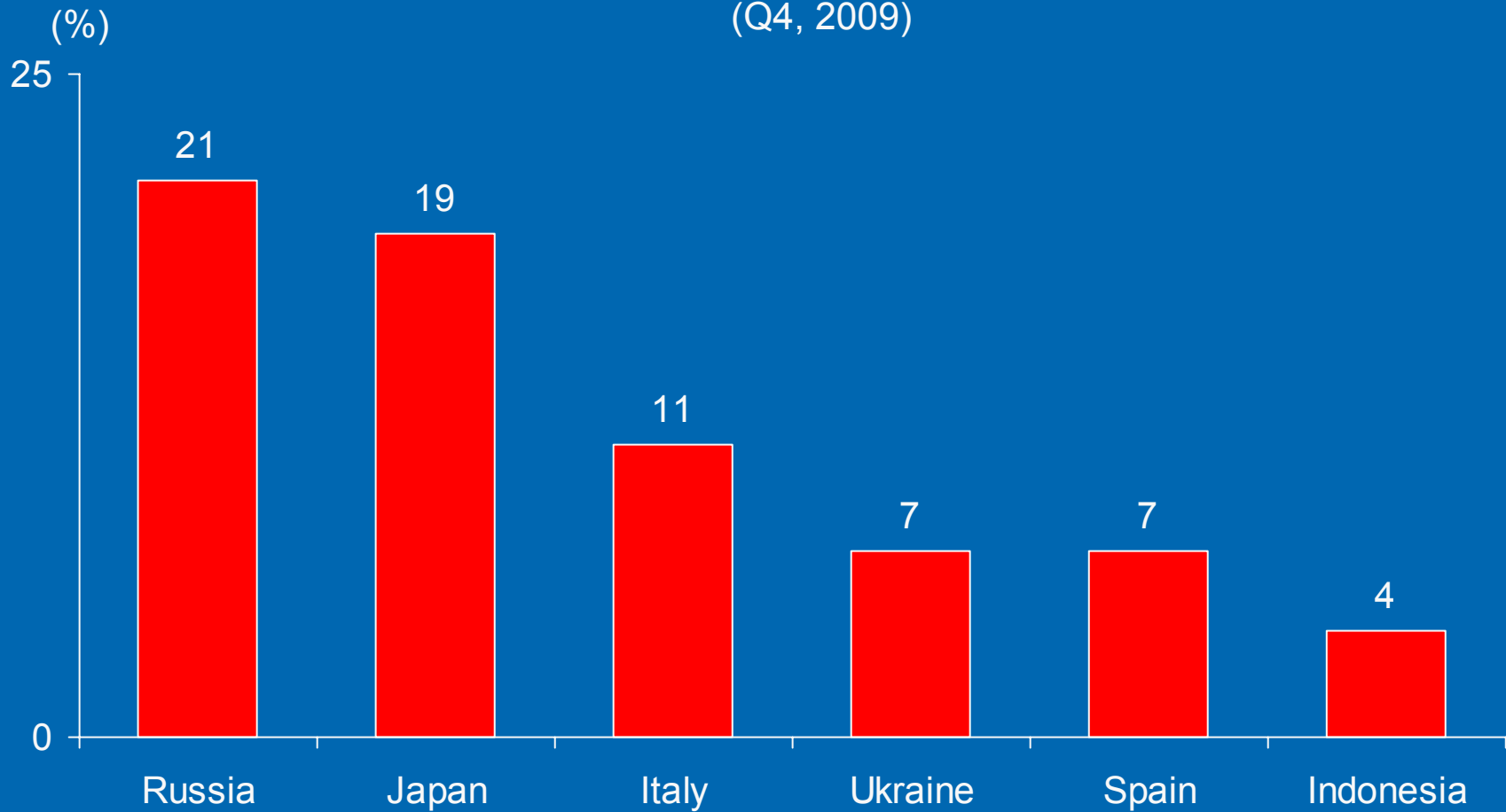


PMI Share of Segment





New Line Extensions as % Marlboro Volume  
(Q4, 2009)





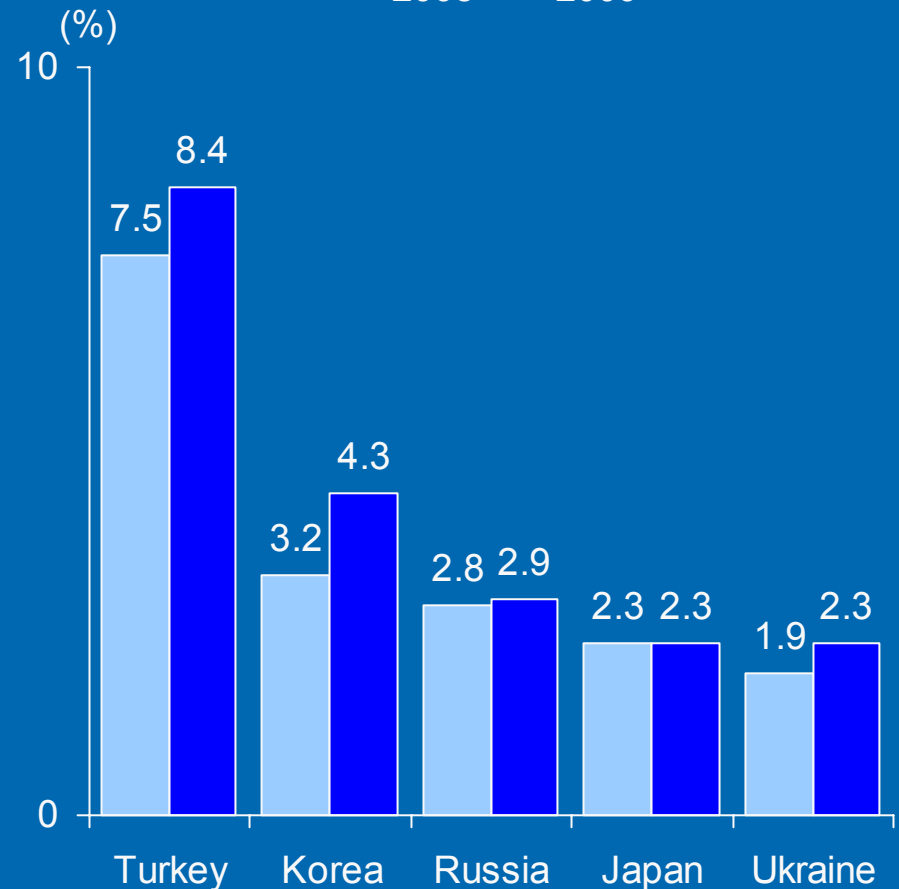
# Parliament

- Volume stable at 37.3 billion units
- Super-premium *Parliament Reserve* (Eastern Europe), *Platinum* and *Parliament Nouveau* (Japan) reinforcing luxury image



Share of Market

■ 2008 ■ 2009



- Our second largest brand, positioned in mid-price in emerging markets and low-price in developed markets
- Volume declined by 1.7% in 2009 to 90.8 billion units, an improved performance compared to the previous two years
- Volume grew by 19% last year in the Middle East and Africa

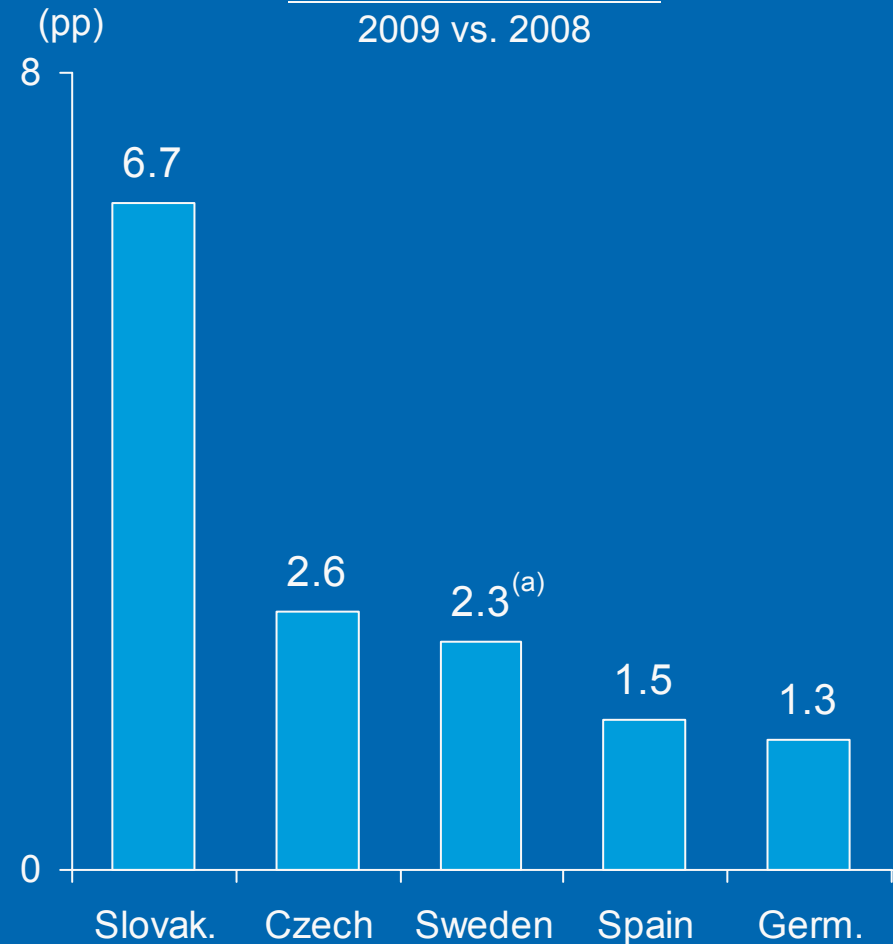


# L&M – EU Region

- Volume grew by close to 9% in EU Region in 2009 and by 17% in the fourth quarter



Share of Market Gains  
2009 vs. 2008



(a) Through end November

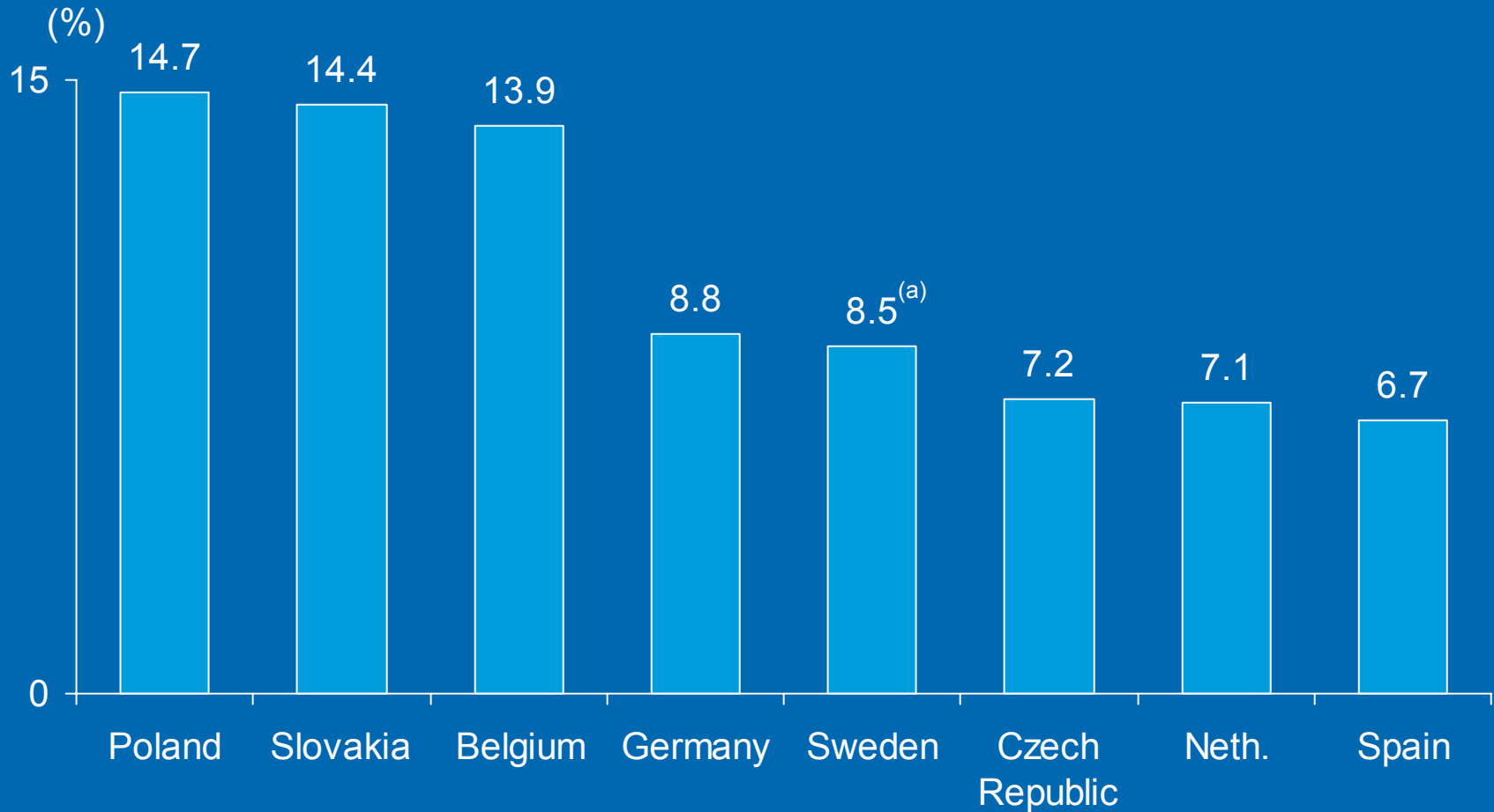
Source: PMI Financials, A.C. Nielsen and PMI estimates

# L&M – EU Region



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Share of Market Q4, 2009



(a) Through end November  
Source: A.C. Nielsen and PMI estimates

# Brand Portfolio



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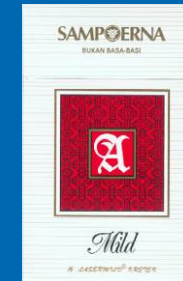
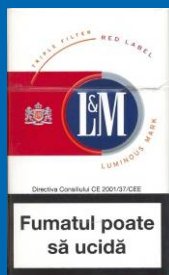
## Premium & Above



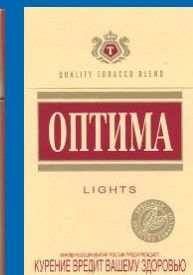
## International

## Local Heritage

## Mid-Price

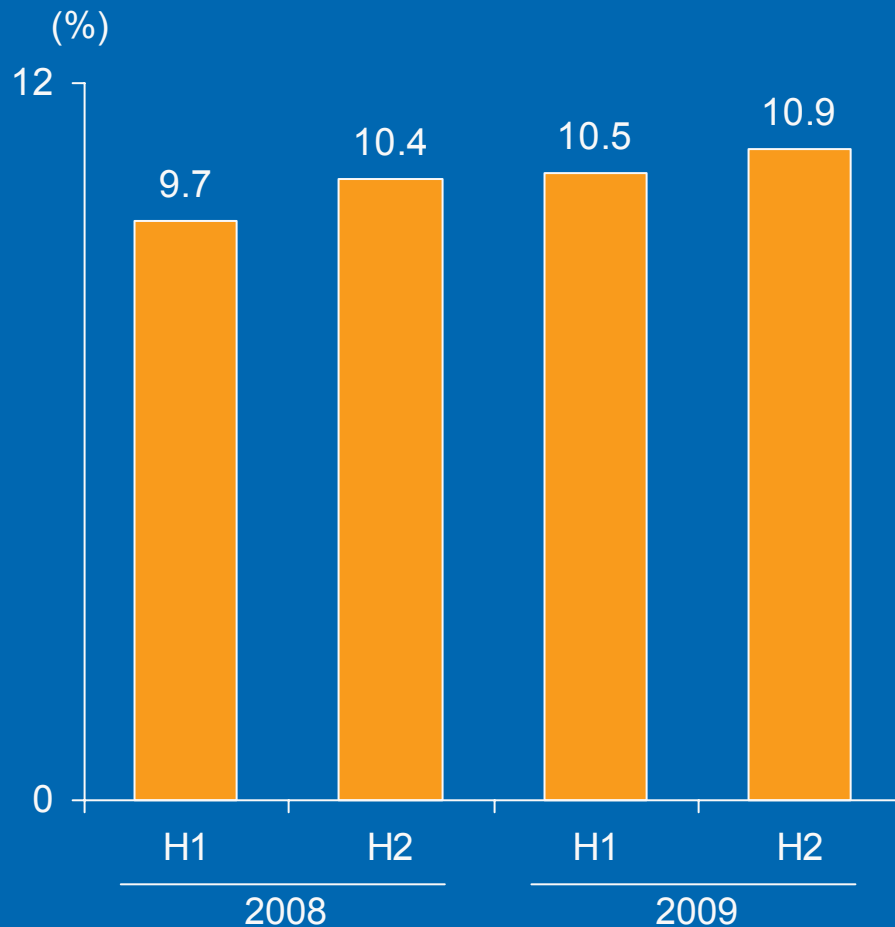


## Low-Price



# A Mild – Indonesia

Share of Market



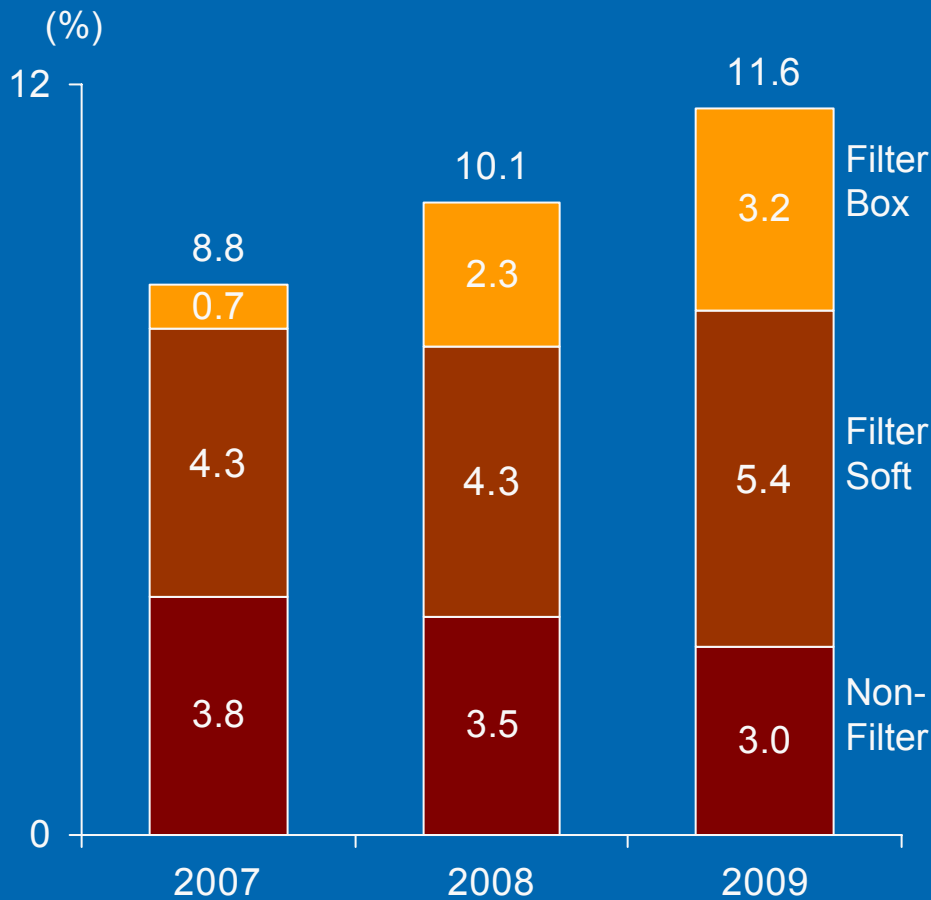
- Premium price
- Leading brand in Indonesia
- Fastest growing top 10 brand

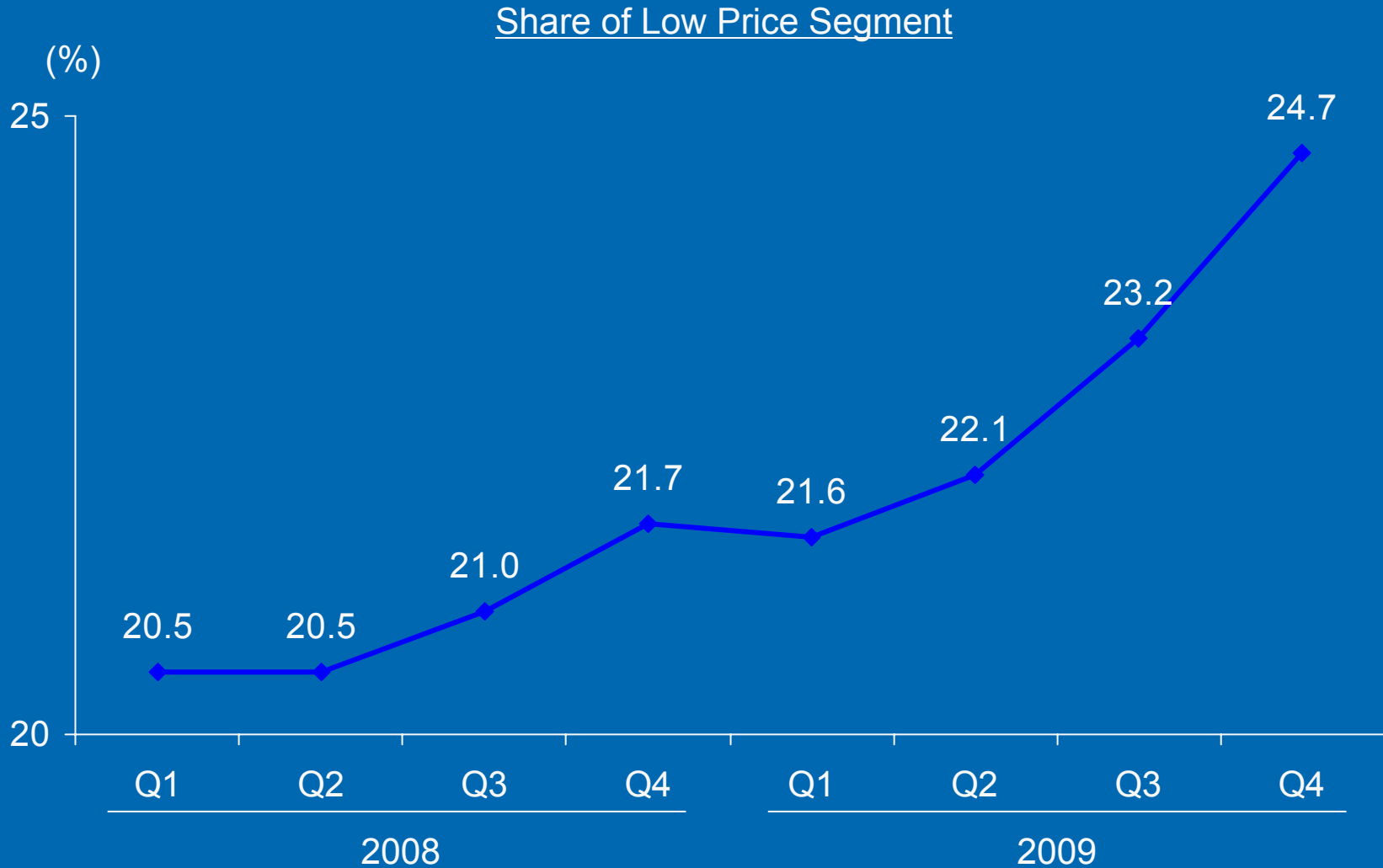




# Delicados – Mexico

Share of Market







# Agenda

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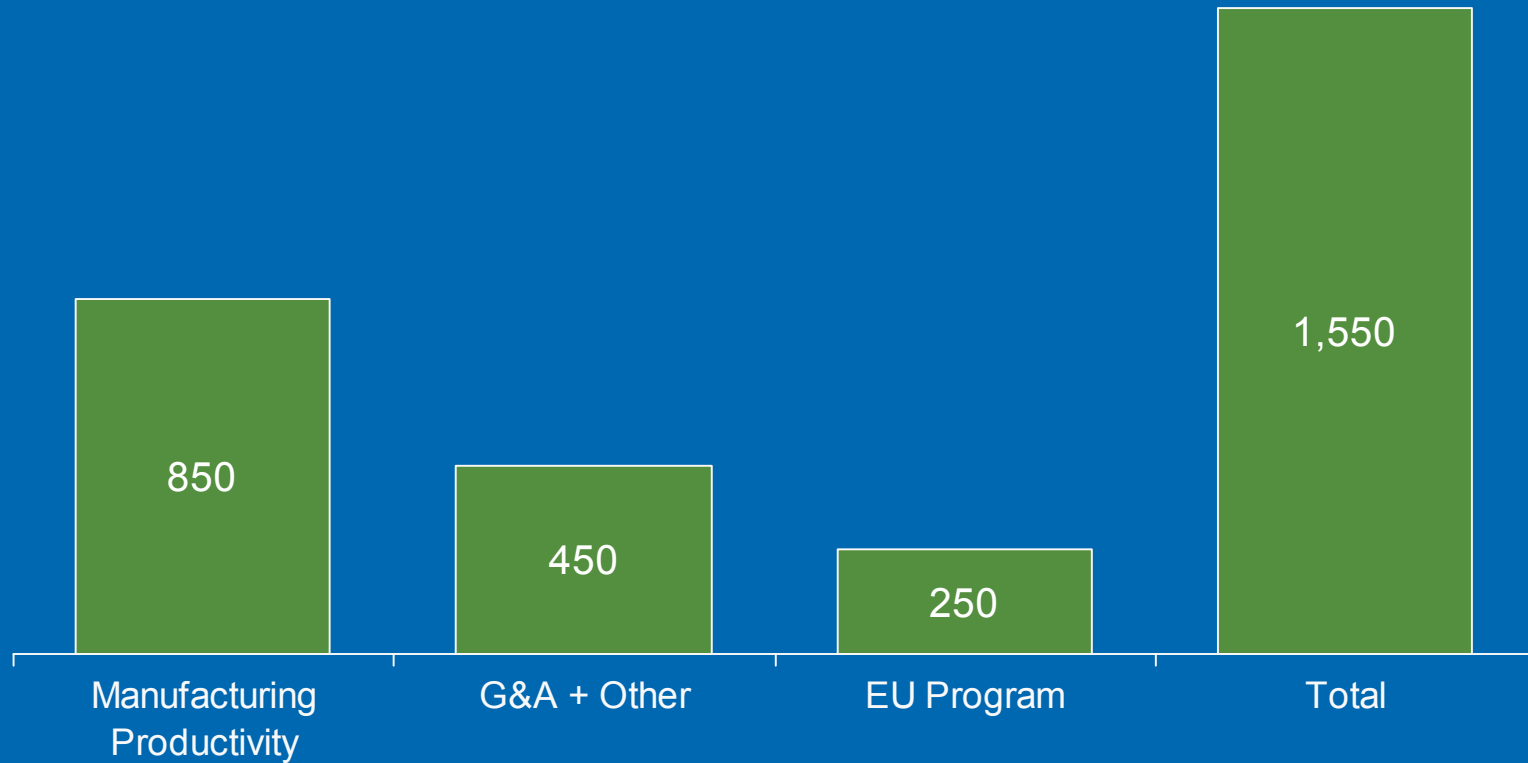
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# Productivity and Cost Savings Program

## Forecast Cumulative Gross Cost Savings (2008-10)

(\$ million)







# Tobacco

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- As previously communicated, leaf cost increases \$200 million higher than anticipated for 2008 - 2010
- Objective to stabilize leaf supplies going forward:
  - PMI requirements quite predictable
  - Farmers prefer consistent prices
- Balance between supply and demand should be achievable on a permanent basis
- Tobacco leaf supply balanced in 2009 and expected to be in 2010



# Agenda

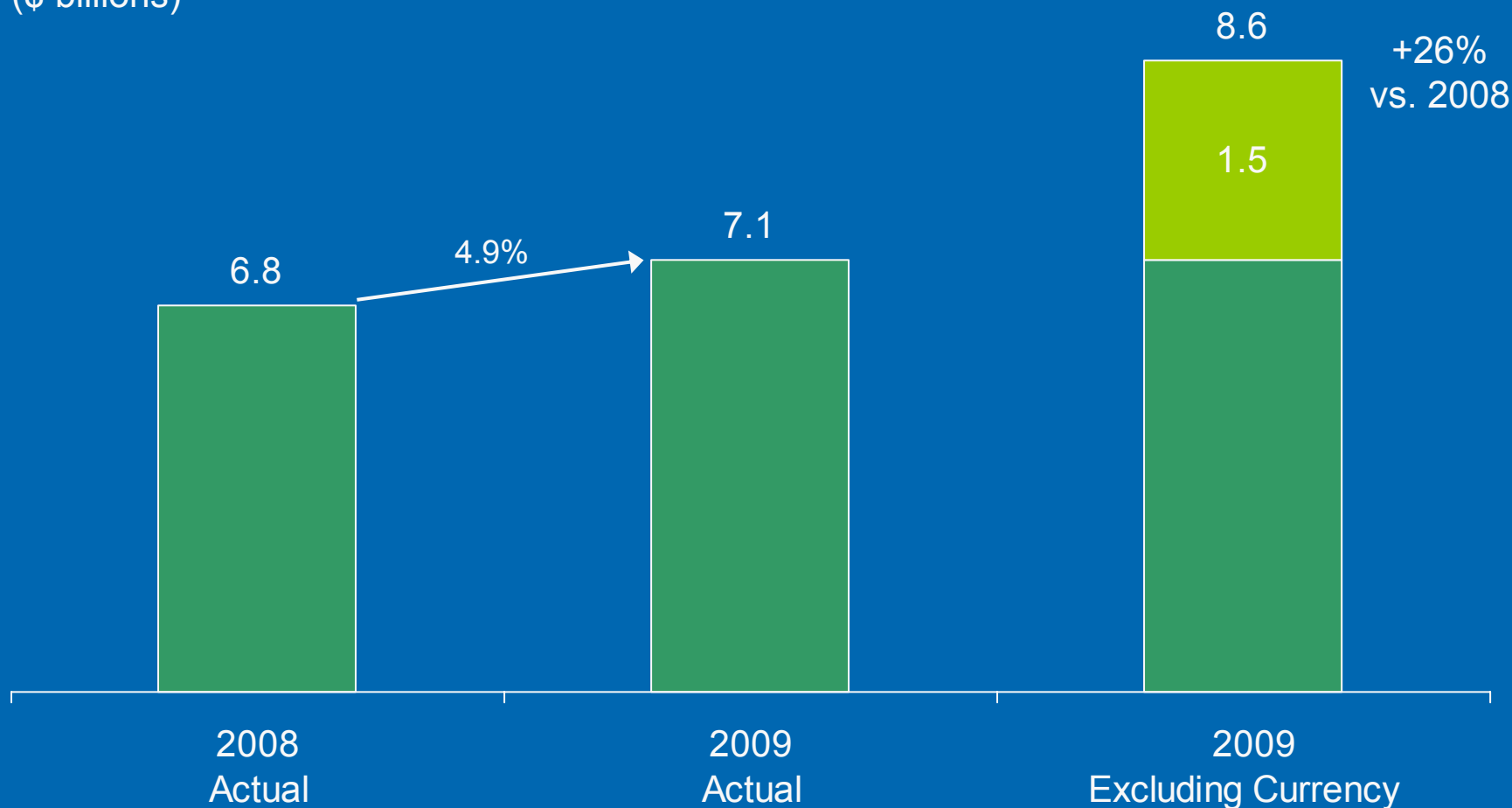
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# Free Cash Flow<sup>(a)</sup>

(\$ billions)

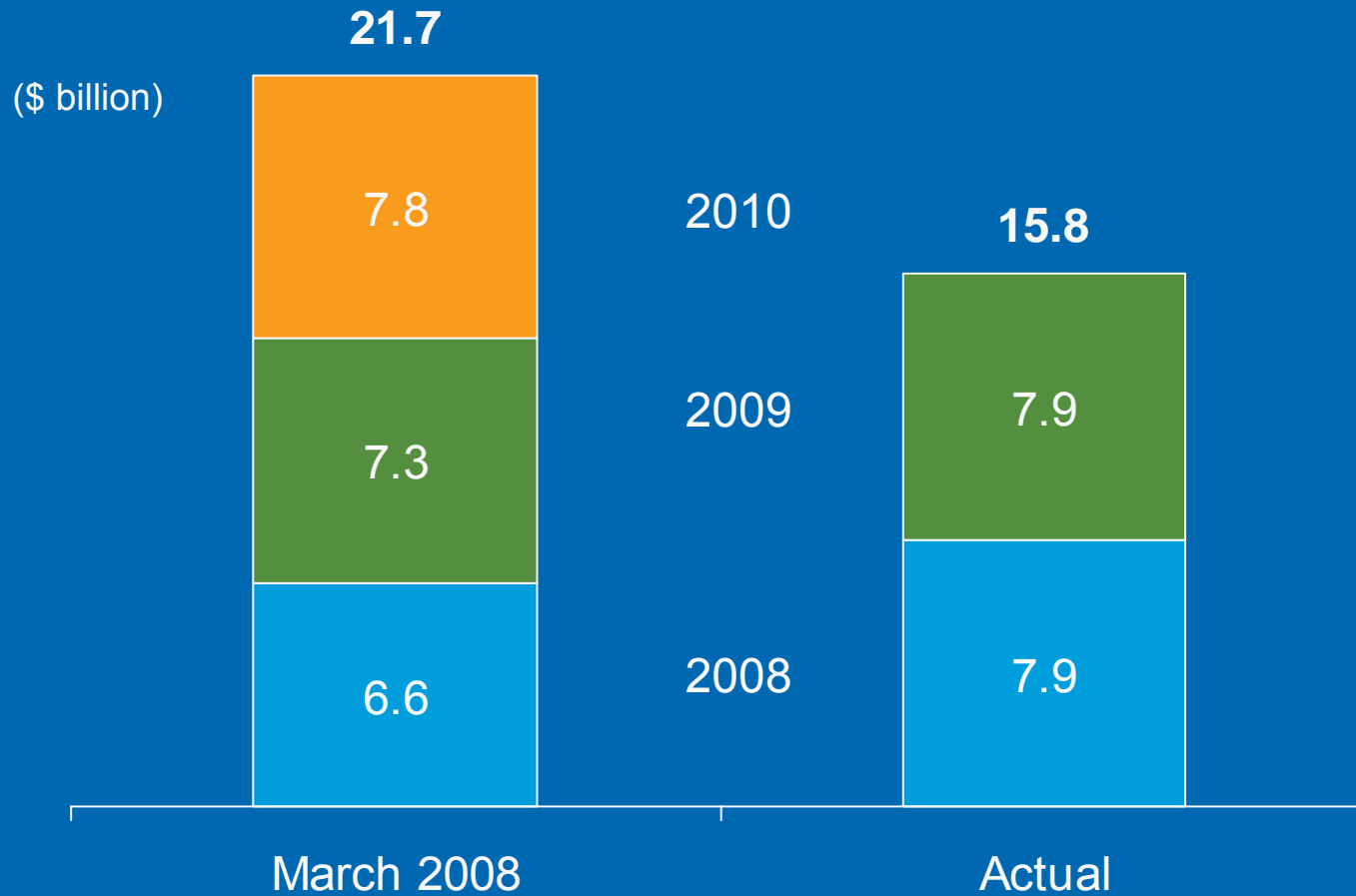


(a) Free cash flow equals net cash provided by operating activities less capital expenditures. In 2009, net cash provided by operating activities was \$7,884 million and capital expenditures were \$715 million. In 2008, net cash provided by operating activities was \$7,935 million and capital expenditures were \$1,099 million

Source: PMI Financials



# Cumulative Operating Cash Flow (2008-2010)





# Cash Flow Enhancement Program

- Our goal is to generate an additional \$750 million - \$1 billion over three years through improvements in working capital:
  - Supply chain initiatives
  - Tobacco leaf inventory durations
  - Improved forestalling regulations
  - Tighter finished goods inventory management
- Systems investment of \$15 million to improve working capital management



# Capital Structure

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- Tremendous cash flow underpins our strong balance sheet
- Long-term credit ratings: A2 / A / A
- Short-term credit ratings: P-1 / A-1 / F1
- Over \$10 billion well-laddered bonds with an attractive weighted average cost of long-term debt of 5.6%
- Access to tier 1 commercial paper market



# Capital Structure

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- Goal is to preserve current credit ratings whilst having flexibility to make acquisitions



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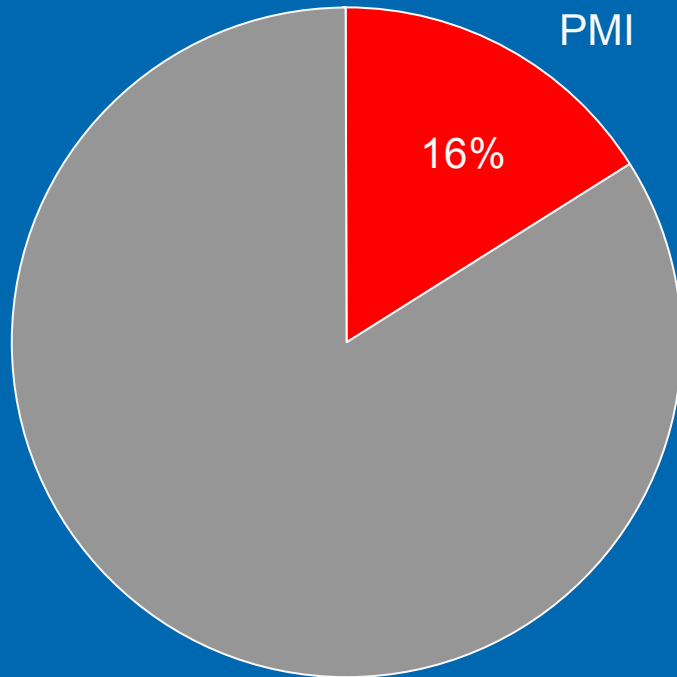
# Acquisitions

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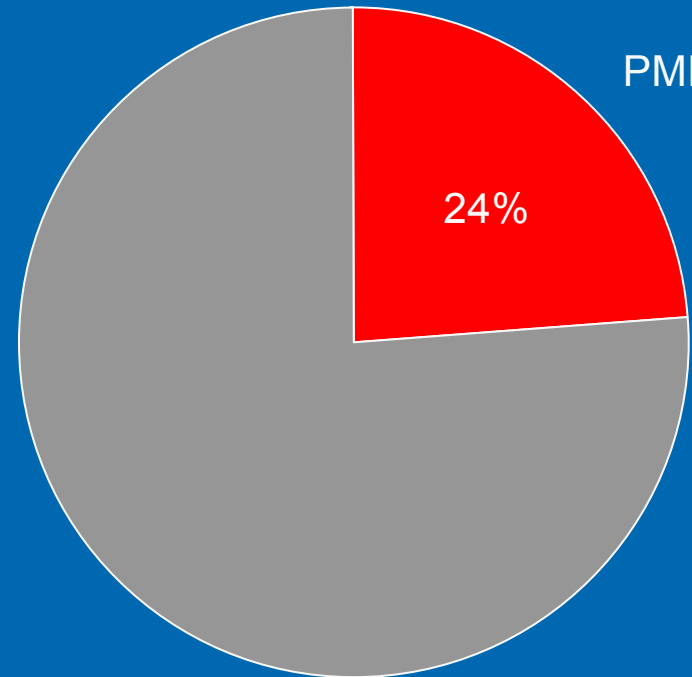
- Complement organic growth
- Often provide unique opportunities to enter new markets or significantly step up our presence:
  - Sampoerna in Indonesia
  - Lakson in Pakistan
  - Rothmans Inc. in Canada
  - Coltabaco in Colombia
  - *Interval* (fine cut) in France and other EU markets
  - *Petterøes* (fine cut) in Norway
  - Pipe tobacco and nasal snuff in South Africa
  - Snus joint venture with Swedish Match



# Top 10 Emerging Markets – PMI Share



2004 Volume :  
1.30 trillion units

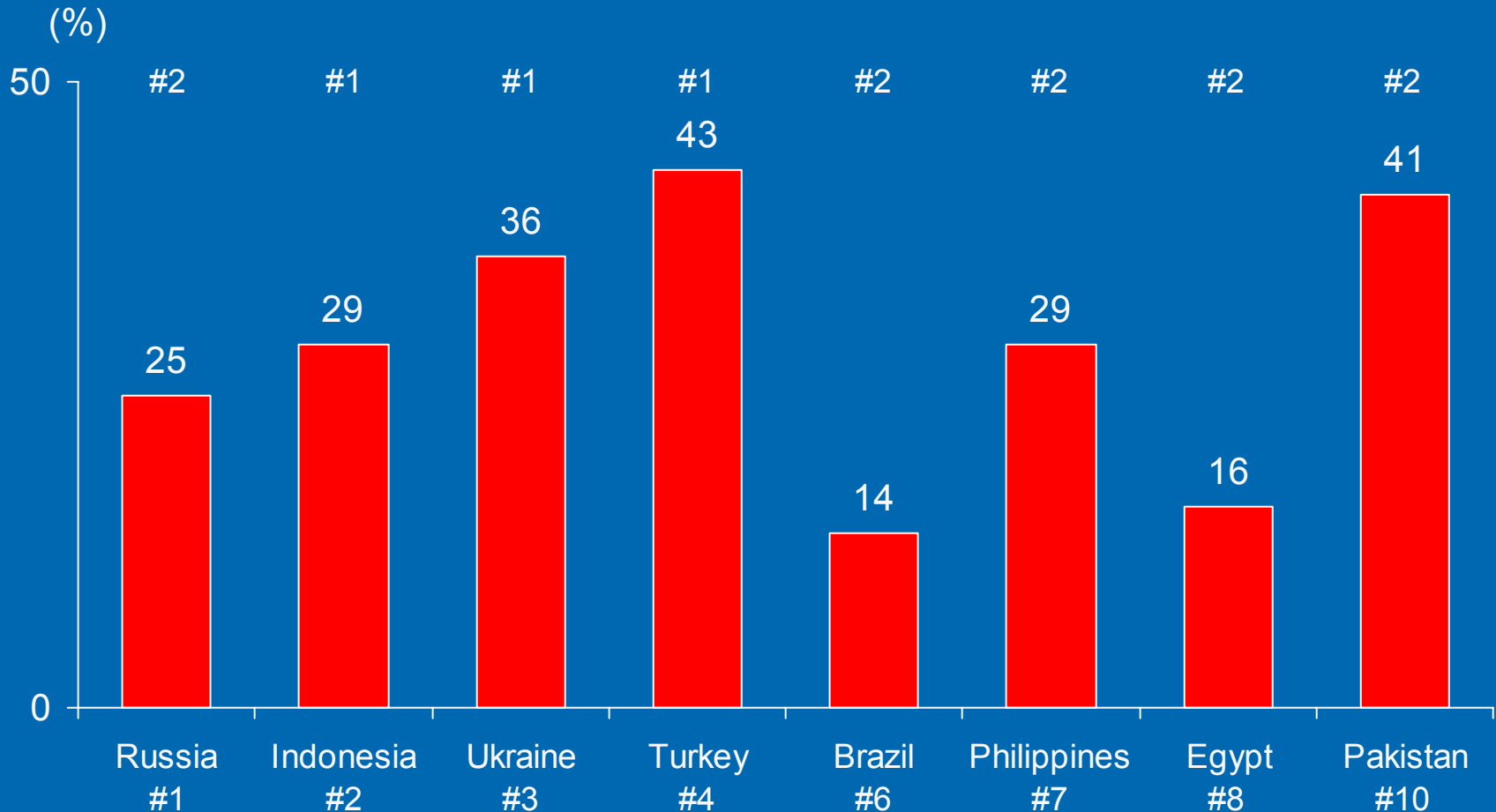


2009 Volume :  
1.38 trillion units



# Top 10 Emerging Markets – PMI Market Shares

Share of Market (2009)



Note: PMI has less than 1% market share in India (#5) and Vietnam (#9)

Source: A.C. Nielsen and PMI estimates



# Agenda

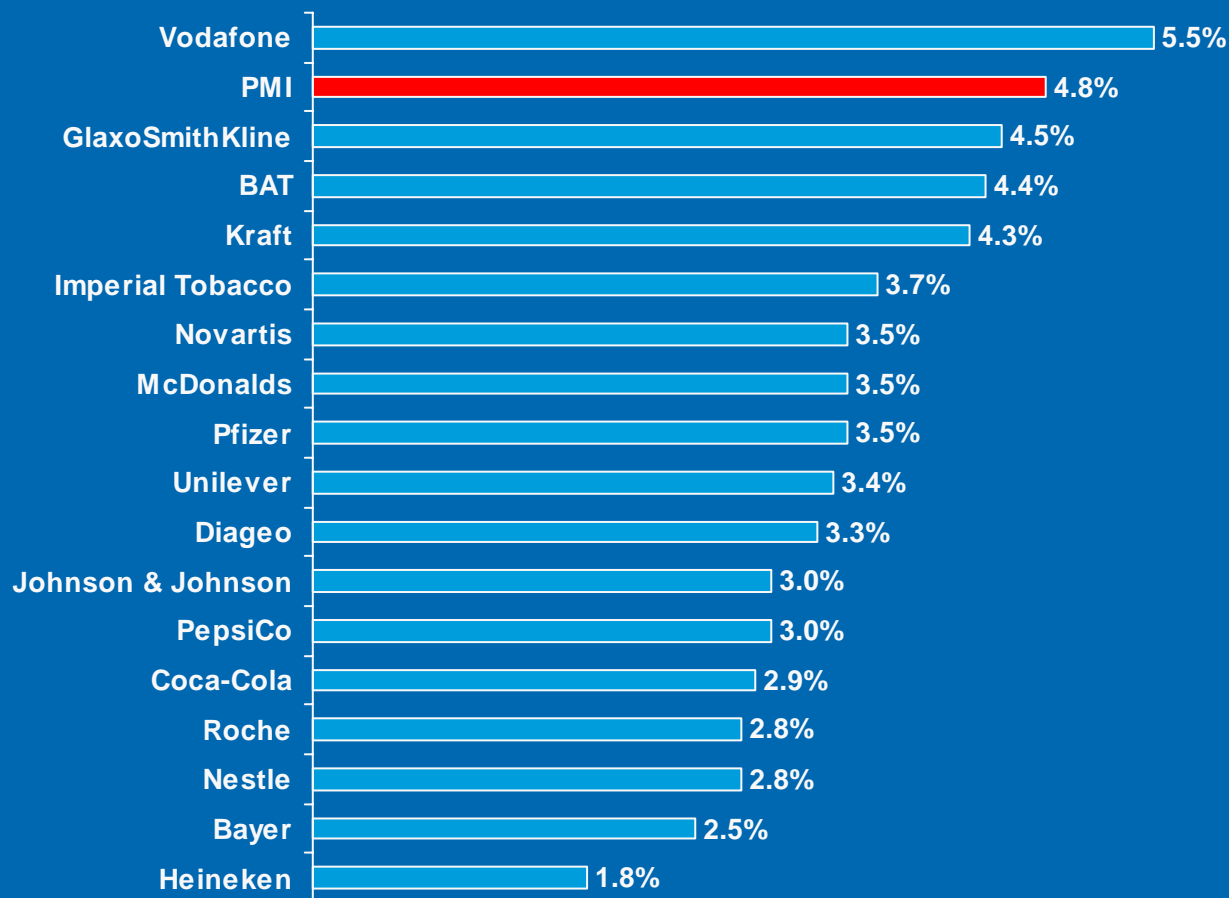
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- Review of 2009 results
- 2010 volume and business outlook
- Superior brand portfolio
- Cost savings and productivity improvements
- Cash flow enhancement
- M&A
- **Shareholder returns**



# Dividend Yield

December 31, 2009



Note: Dividend yield represents the annualized dividend at 12/31/09 over the closing share price on that date. The share price for PMI was \$48.19 as of 12/31/09. The annualized dividend on 12/31/09 was \$2.32

Source: Centerview Partners, based on company filings and FactSet



# Share Repurchases

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- New share repurchase program of \$12 billion May 2010 through April 2013
- Total 2010 spending expected to be \$4 billion
- Strikes optimal balance between rewarding shareholders and retaining financial flexibility



# Shareholder Returns

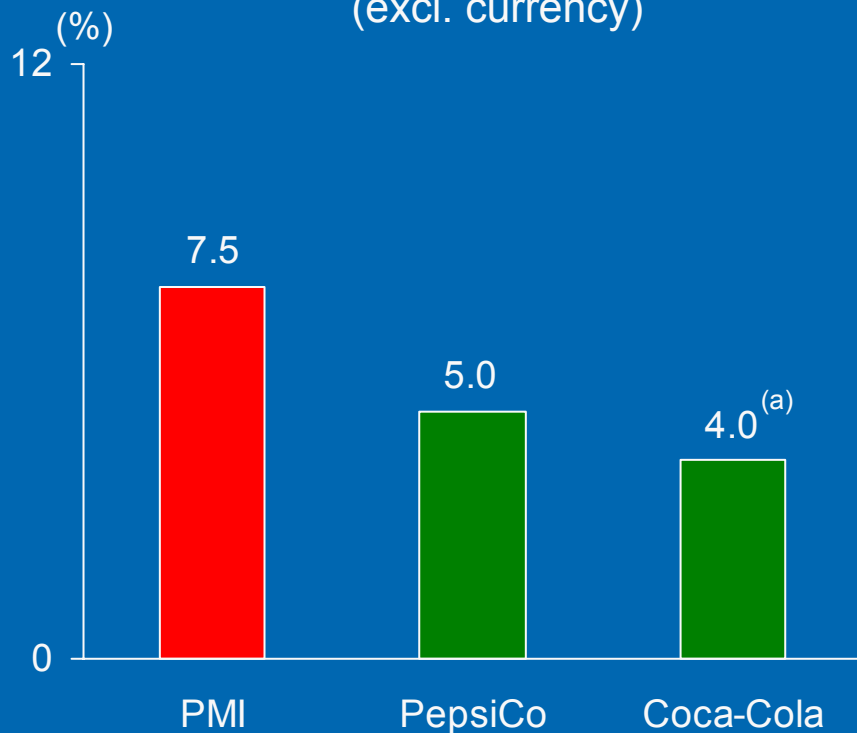
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- In 2009, \$10 billion returned to shareholders through dividends and share repurchases
- Since March 2008 spin-off, more than \$17 billion returned to shareholders, representing 19% of our current market capitalization

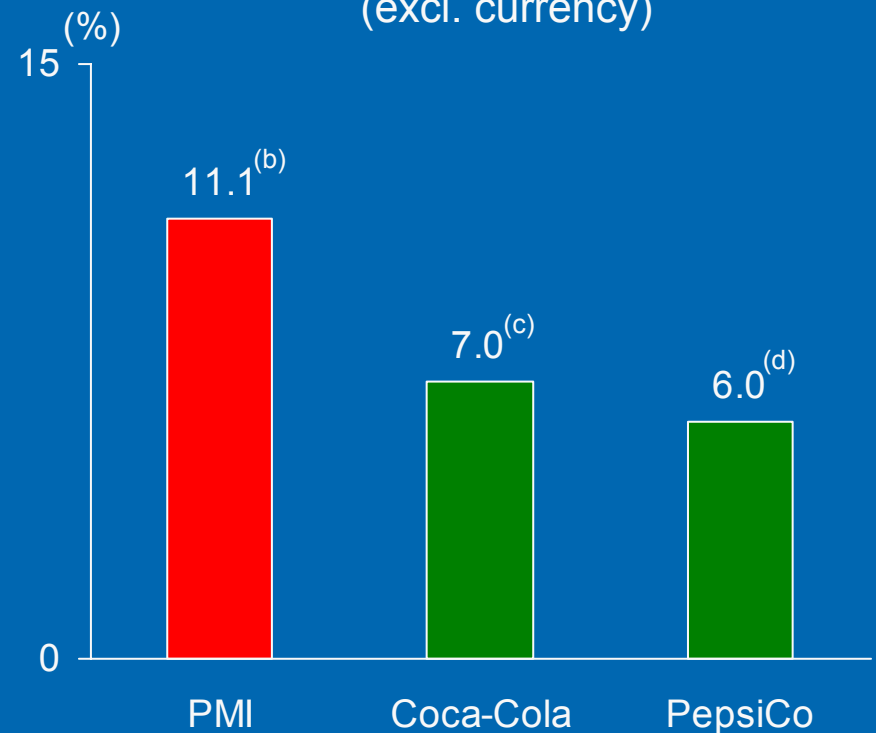


# Revenues and Income Growth – Peer Comparison

2009 Revenue Growth  
(excl. currency)



2009 Adjusted Income Growth  
(excl. currency)



(a) Currency neutral net operating revenue growth after considering items impacting comparability and structural changes

(b) Adjusted OCI growth, excluding the impact of currency. Reported OCI for 2009 was \$10,271 million, adjusting for \$164 million of one-time costs and for \$1,390 million of negative currency impact. Adjusted OCI excluding currency was \$11,825 million for 2009. OCI in 2008 was \$10,434 million, adjusting for \$208 million of one-time costs, results in a growth rate of 11.1% for adjusted OCI, excluding currency

(c) Currency neutral operating income growth after considering items impacting comparability

(d) Core division operating profit growth, excluding currency

Source: Centerview Partners, based on company reports





## 2010 EPS Guidance

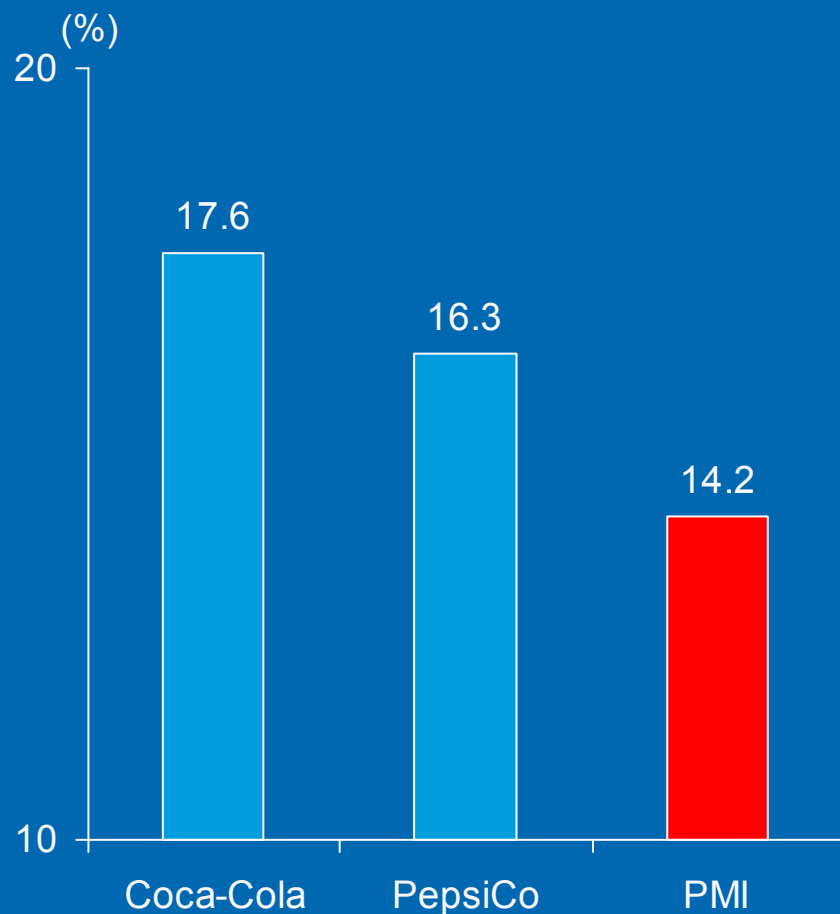
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- Expect to reach or surpass all our currency neutral financial forecasts in 2010
- At prevailing exchange rates, reported EPS guidance of \$3.75 - \$3.85 represents an increase of 16-19%
- Reported EPS growth rate ex-currency is 12-15%
- Against adjusted EPS of \$3.29 in 2009, reported EPS guidance represents a growth rate of 11-14%, excluding currency

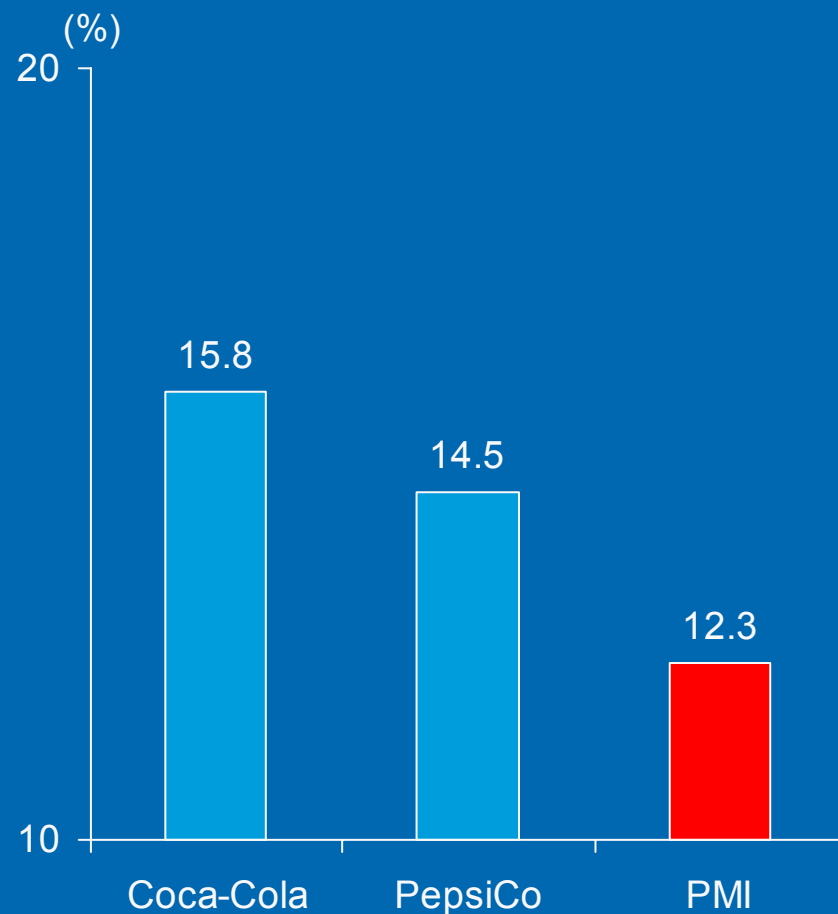


# P/E Ratios – Peer Comparison

2009



2010 Estimates





PHILIP MORRIS INTERNATIONAL

**Consumer Analyst Group of New York  
(CAGNY) Conference  
February 17, 2010**

Hermann Waldemer  
*Chief Financial Officer*  
Philip Morris International

**QUESTIONS & ANSWERS**

# 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)

2009							2008			% 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	
\$ 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%
<b>\$ 62,080</b>	<b>\$ 37,045</b>	<b>\$ 25,035</b>	<b>\$ (2,598)</b>	<b>\$ 27,633</b>	<b>\$ 564</b>	<b>\$ 27,069</b>	<b>PMI Total</b>	<b>\$ 63,640</b>	<b>\$ 37,935</b>	<b>\$ 25,705</b>	<b>(2.6)%</b>	<b>7.5%</b>	<b>5.3%</b>

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	Less Currency	Reported Operating Companies Income excluding Currency	Less Acquisitions	Reported Operating Companies Income excluding Currency & Acquisitions	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions
\$ 4,506	\$ (481)	\$ 4,987	\$ 40	\$ 4,947	European Union	\$ 4,738	(4.9)%	5.3%	4.4%			
2,663	(893)	3,556	18	3,538	EEMA	3,119	(14.6)%	14.0%	13.4%			
2,436	146	2,290	-	2,290	Asia	2,057	18.4%	11.3%	11.3%			
666	(162)	828	202	626	Latin America & Canada	520	28.1%	59.2%	20.4%			
<b>\$ 10,271</b>	<b>\$ (1,390)</b>	<b>\$ 11,661</b>	<b>\$ 260</b>	<b>\$ 11,401</b>	<b>PMI Total</b>	<b>\$ 10,434</b>	<b>(1.6)%</b>	<b>11.8%</b>	<b>9.3%</b>			

# PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

## Reconciliation of Non-GAAP Measures



PHILIP MORRIS  
INTERNATIONAL

Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income &  
Reconciliation of Adjusted Operating Companies Income Margin Excluding Currency  
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) <sup>(1)</sup>	801	(162)	963	202	761	520	(127) <sup>(2)</sup>	647	23.8%	48.8%	17.6%
<b>\$ 10,271</b>	<b>\$ (164)</b>	<b>\$ 10,435</b>	<b>\$ (1,390)</b>	<b>\$ 11,825</b>	<b>\$ 260</b>	<b>\$ 11,565</b>	<b>\$ 10,434</b>	<b>\$ (208)</b>	<b>\$ 10,642</b>	<b>(1.9)%</b>	<b>11.1%</b>	<b>8.7%</b>

2009			2008			% Points Change	
Adjusted Operating Companies Income excluding Currency	Net Revenues excluding Excise Taxes & Currency <sup>(3)</sup>	Adjusted Operating Companies Income Margin excluding Currency	Adjusted Operating Companies Income	Net Revenues excluding Excise Taxes <sup>(3)</sup>	Adjusted Operating Companies Income Margin	Adjusted Operating Companies Income Margin excluding Currency	
\$ 5,016	\$ 9,897	50.7%	\$ 4,804	\$ 9,688	49.6%		1.1 pp
3,556	8,168	43.5%	3,120	7,504	41.6%		1.9 pp
2,290	6,569	34.9%	2,071	6,185	33.5%		1.4 pp
963	2,999	32.1%	647	2,328	27.8%		4.3 pp
<b>\$ 11,825</b>	<b>\$ 27,633</b>	<b>42.8%</b>	<b>\$ 10,642</b>	<b>\$ 25,705</b>	<b>41.4%</b>		<b>1.4 pp</b>

(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).

(3) For the calculation of net revenues excluding excise taxes and currency, refer to previous slide.

# PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

## Reconciliation of Non-GAAP Measures



PHILIP MORRIS  
INTERNATIONAL

Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS, Excluding Currency  
For the Years Ended December 31,  
(Unaudited)

	<u>2009</u>	<u>2008</u>	<u>% Change</u>
<b>Reported Diluted EPS</b>	\$ 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	
<b>Adjusted Diluted EPS</b>	<u>\$ 3.29</u>	<u>\$ 3.31</u>	<b>(0.6)%</b>
Less:			
Currency Impact	<u>(0.53)</u>		
<b>Adjusted Diluted EPS, Excluding Currency</b>	<u><u>\$ 3.82</u></u>	<u><u>\$ 3.31</u></u>	<b>15.4%</b>

# PHILIP MORRIS INTERNATIONAL INC. and Subsidiaries

## Reconciliation of Non-GAAP Measures



PHILIP MORRIS  
INTERNATIONAL

Reconciliation of Reported Diluted EPS to Reported Diluted EPS, Excluding Currency  
For the Years Ended December 31,  
(Unaudited)

	<u>2009</u>	<u>2008</u>	<u>% Change</u>
<b>Reported Diluted EPS</b>	\$ 3.24	\$ 3.31	(2.1)%
Less:			
Currency Impact	<u>(0.53)</u>		
<b>Reported Diluted EPS, Excluding Currency</b>	<u>\$ 3.77</u>	<u>\$ 3.31</u>	<b>13.9%</b>