



# **Investor Day Lausanne, June 23, 2010**

Louis C. Camilleri

Chairman of the Board and Chief Executive Officer

Philip Morris International

#### 2010 Revised EPS Guidance



- Revised PMI 2010 reported diluted EPS guidance is \$3.70 to \$3.80, based on prevailing exchange rates
- Globally, currency now broadly neutral compared to last year
- Guidance represents a reported diluted EPS growth rate of 14% to 17% compared to \$3.24 achieved in 2009
- Currency neutral annual growth rates are higher than those projected in April

Source: PMI Finance 2

#### Agenda – Day 1



- 09:00 Nicholas Rolli
   Vice President, Investor Relations
   Welcome (Webcast begins)
- 09:10 Louis C. Camilleri
   Chairman and Chief Executive Officer
   Opening Remarks
- 09:30 Hermann Waldemer
   Chief Financial Officer
   Presentation & Q&A
- 10:30 Coffee break
- 10:50 André Calantzopoulos Chief Operating Officer Presentation & Q&A
- 12:00 Buffet lunch

- 13:00 Jacek Olczak
   President, European Union Region
   Presentation & Q&A
- 14:00 Miroslaw Zielinski
   President, EEMA Region
   Presentation & Q&A
- 15:00 Coffee break
- 15:20 James R. Mortensen
   President, Latin America & Canada
   Region Presentation & Q&A
- 16:00 Matteo Pellegrini
   President, Asia Region
   Presentation & Q&A

(Webcast ends)

#### Agenda - Day 2



- 08:40 Nicholas Rolli
   Introduction (Webcast begins)
- 08:45 Martin King
   Senior Vice President, Operations
   Presentation and Q&A
- 09:45 Closing Q&A Session
   Louis C. Camilleri
   André Calantzopoulos
   Hermann Waldemer
- 10:45 (Webcast ends)
- 11:00 Marlboro Communications Showroom Visit
- 12:00 Investor Day ends

#### Optional Visit to Neuchâtel

- 12:00 Bus departs
- 13:00 Lunch at R&D Center
- 14:00 R&D Center and Factory Visit
- 16:00 Buses depart to Lausanne hotels and Geneva Airport





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#### **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



% Change in Reported Net

Adjustments for the Impact of Currency and Acquisitions
For the Quarters Ended March 31,

(\$ in millions)

(Unaudited)

						2010											2009			Revenues	excluding E	Excise Taxes
	eported Net evenues	Less Excise Taxes	Rev exc	rted Net renues luding se Taxes		ess	Rev exc Excise	orted Net venues cluding e Taxes & rrency	Le Acq tio		Rev exc Excis Cur	orted Net venues cluding se Taxes, rency & uisitions			eported Net venues	E	Less Excise Taxes	Reve	ted Net enues uding e Taxes	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions
\$	6,748	\$ 4,564	\$	2,184	\$	178	\$	2,006	\$	3	\$	2,003	European Union	\$		\$	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				e in Reporte ompanies Inc	d Operating come
														_								
O <sub>l</sub> Co	eported perating mpanies ncome					ess	Op Con In exc	ported erating npanies come cluding rrency	Le Acq tio		Ope Con In exc	ported erating npanies come cluding rency & uisitions						Oper Comp	orted rating panies ome	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions
O <sub>I</sub> Co	perating mpanies ncome				Cur	rency	Op Con In exc	erating npanies come cluding rrency	Acq tio	uisi- ns	Ope Con In exc Curr Acqu	erating npanies come cluding rency & uisitions	Furonean I Inion					Oper Comp Inc	rating panies ome		excluding Currency	excluding Currency & Acquisitions
O <sub>l</sub> Co	perating impanies ncome					rency 80	Op Con In exc	erating npanies come cluding rrency	Acq	uisi- ons 2	Ope Con In exc	erating npanies come cluding rency & uisitions	European Union FFMA					Oper Comp	rating panies ome 967	9.8 %	excluding Currency	excluding Currency & Acquisitions
O <sub>I</sub> Co	perating impanies ncome 1,062 770				Cur	80 8	Op Con In exc	erating npanies come cluding rrency 982 762	Acq tio	uisi- ons 2 9	Ope Con In exc Curr Acqu	erating npanies come cluding rency & uisitions	EEMA					Oper Comp Inc	rating panies ome 967 586	9.8 % 31.4 %	excluding Currency 1.6 % 30.0 %	excluding Currency & Acquisitions 1.3 % 28.5 %
O <sub>I</sub> Co I	perating impanies ncome				Cur	rency 80	Op Con In exc	erating npanies come cluding rrency	Acq tio	uisi- ons 2	Ope Con In exc Curr Acqu	erating npanies come cluding rency & uisitions						Oper Comp Inc	rating panies ome 967	9.8 %	excluding Currency	excluding Currency & Acquisitions



Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income, excluding Currency and Acquisitions

For the Quarters Ended March 31,

					20	010											2009				e in Adjusted Impanies Inco	
Op Cor	ported erating npanies come	Less Asset npairment & Exit Costs	Op Cor	ljusted erating mpanies ncome		_ess rrency	Op Con In exc	ljusted erating npanies come cluding rrency	Į.	Less Acquisi- tions	O Co I ex Cu	Adjusted Operating Ompanies Income xcluding urrency & quisitions		Op Cor	eported perating mpanies ncome	A Impa	_ess sset irment & t Costs	Ope	justed erating npanies come	Adjusted	Adjusted excluding Currency	Adjusted excluding Currency & Acquisitions
\$	1,062	\$	\$	1,062	\$	80	\$	982	\$	2	\$	980	European Union	\$	967	\$	(1)	\$	968	9.7 %	1.4 %	1.2 %
	770			770		8		762		9		753	EEMA		586				586	31.4 %	30.0 %	28.5 %
	724			724		81		643		(5)		648	Asia		661				661	9.5 %	(2.7)%	(2.0)%
	217			217		23		194				194	Latin America & Canada		155				155	40.0 %	25.2 %	25.2 %
\$	2,773	\$ 	\$	2,773	\$	192	\$	2,581	\$	6	\$	2,575	PMI Total	\$	2,369	\$	(1)	\$	2,370	17.0 %	8.9 %	8.6 %



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

(Unaudited)

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



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)

(Orlaudited)	2010	2009	% Change
Net cash provided by operating activities <sup>(1)</sup>	\$ 1,974	\$ 1,427	38.3%
Less: Capital expenditures	150	145	
Free cash flow	\$ 1,824	\$ 1,282	42.3%
Less:	446		
Currency impact  Free cash flow, excluding currency	116 \$ 1,708	\$ 1,282	33.2%
	<u> </u>	<del>- 1,132</del>	30.270
	2010	2009	% Change
Net cash provided by operating activities <sup>(1)</sup>	\$ 1,974	\$ 1,427	38.3%
Less: Currency impact	130		
Net cash provided by operating activities, excluding currency	\$ 1,844	\$ 1,427	29.2%

(1) Operating cash flow



% Change in Adjusted Operating

Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income, excluding Currency and Acquisitions

For the Years Ended December 31,

						2	2009											2008			Co	ompanies Inco	me
Op Cor	ported erating npanies come	A Impa Exit	.ess .sset .sirment/ : Costs ! Other	O <sub>I</sub> Co	djusted perating mpanies ncome		Less irrency	Op Cor Ir ex	ljusted perating mpanies ncome cluding urrency	Ac	ess quisi- ons	Op Co li ex Cu	djusted perating mpanies ncome cluding rrency & quisitions		Op Co	eported perating mpanies ncome	Impa Exi	Less Lesset Lesset Lesses Less	O <sub>I</sub> Co	djusted perating mpanies ncome	Adjusted	Adjusted excluding Currency	Adjusted excluding Currency & Acquisitions
\$	4,506	\$	(29)	\$	4,535	\$	(481)	\$	5,016	\$	40	\$	4,976	European Union	\$	4,738	\$	(66)	\$	4,804	(5.6)%	4.4 %	3.6 %
	2,663				2,663		(893)		3,556		18		3,538	EEMA		3,119		(1)		3,120	(14.6)%	14.0 %	13.4 %
	2,436				2,436		146		2,290				2,290	Asia		2,057		(14)		2,071	17.6 %	10.6 %	10.6 %
	666		(135) <sup>(1</sup>		801		(162)		963		202		761	Latin America & Canada		520		(127) <sup>(2</sup>		647	23.8 %	48.8 %	17.6 %
\$	10,271	\$	(164)	\$	10,435	\$	(1,390)	\$	11,825	\$	260	\$	11,565	PMI Total	\$	10,434	\$	(208)	\$	10,642	(1.9)%	11.1 %	8.7 %

<sup>(1)</sup> Represents 2009 Colombian investment and cooperation agreement charge

<sup>(2)</sup> Represents 2008 equity loss from RBH legal settlement (\$124 million) and asset impairment and exit costs (\$3 million)



Adjustments for Impact of Currency and Acquisitions For the Years Ended December 31,

				2009				(Unaudited) -		2008				ange in Rep excluding	orted Net Excise Taxes
	eported Net evenues	Less Excise Taxes	Reported Net Revenues excluding Excise Taxes	Less Currency	Reported Net Revenues excluding Excise Taxes & Currency	Less Acquisi tions	Reported Ne Revenues excluding Excise Taxes Currency & Acquisitions	4	eported Net evenues	Less Excise Taxes	Ro ex	eported Net evenues ccluding 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				e in Reporte ompanies In	ed Operating come
Co	eported perating mpanies ncome			2009 Less Currency	Reported Operating Companies Income excluding Currency	Less Acquisi tions	Reported Operating Companies Income excluding Currency & Acquisitions			2008	O <sub>I</sub> Co	eported perating mpanies ncome		Reported excluding	
Co	perating mpanies			Less	Operating Companies Income excluding	Acquisi	Operating Companies Income excluding Currency & Acquisitions	- European Union		2008	O <sub>I</sub> Co	perating mpanies	Co	Reported excluding	Reported excluding Currency & Acquisitions
Co	perating impanies ncome 4,506 2,663 2,436			Less Currency \$ (481)	Operating Companies Income excluding Currency  \$ 4,987 3,556 2,290	Acquisi tions	Operating Companies Income excluding Currency & Acquisitions \$ 4,947 3,538 2,290	– European Union EEMA Asia		2008	O <sub>I</sub> Co	perating impanies ncome 4,738 3,119 2,057	Reported (4.9)% (14.6)% 18.4 %	Reported excluding Currency  5.3 % 14.0 % 11.3 %	Reported excluding Currency & Acquisitions  4.4 % 13.4 % 11.3 %
Co	perating impanies ncome 4,506 2,663			Less Currency \$ (481) (893)	Operating Companies Income excluding Currency  \$ 4,987 3,556	Acquisi tions \$ 40	Operating Companies Income excluding Currency & Acquisitions \$ 4,947 3,538 2,290	– European Union EEMA Asia		2008	O <sub>I</sub> Co	perating impanies ncome 4,738 3,119	Reported (4.9)% (14.6)%	Reported excluding Currency	Reported excluding Currency & Acquisitions  4.4 % 13.4 % 11.3 %



Reconciliation of Reported Diluted EPS to Adjusted Diluted EPS and Adjusted Diluted EPS, excluding Currency For the Years Ended December 31,

(Unaudited)

:	2009		2008	% Change
\$	3.24	\$	3.31	(2.1)%
	(0.04)			
	(0.01)		(0.02)	
			(0.06)	
	<u>-</u>		0.08	
\$	3.29	\$	3.31	(0.6)%
	(0.53)			
\$	3.82	\$	3.31	15.4 %
	\$	(0.04) (0.01) - - - \$ 3.29	\$ 3.24 \$ (0.04) (0.01)	\$ 3.24 \$ 3.31 (0.04)



Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income, excluding Currency and Acquisitions

For the Years Ended December 31,

					20	800											2007				ompanies Inco	
Op Con	ported erating npanies come	Less Asset Impairment & Exit Costs and other	O Co	adjusted perating ompanies Income		ess rency	C C e	Adjusted Operating Ompanies Income xcluding Currency	A	Less cquisi- tions	Op Col Ir ex Cul	djusted perating mpanies ncome cluding rrency & quisitions		Op Cor	ported erating npanies come	Impa Exit 0	Less Asset irment & Costs and other	Op Co	djusted erating mpanies ncome	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				2,034	Asia		1,803		(28)		1,831	13.1%	11.4%	11.1%
	520	(127)		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%



Adjustments for Impact of Currency and Acquisitions For the Years Ended December 31,

(\$ in millions) (Unaudited)

oorted Net evenues	Less Excise Taxes	R	Reported Net evenues xcluding Excise Taxes	Less irrency	Re ex Exc	orted Net evenues cluding ise Taxes currency	I Ac	-ess :quisi- ions	exe Ta	Reported Net Revenues scluding Excise axes, Currency		eported Net evenues	Less Excise Taxes	Re	orted Net evenues cluding ise 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%

% Change in Reported Operating 2008 2007 Companies Income

Ope Con	ported erating apanies come		ess rency	Op Cor In exc	eported erating mpanies acome cluding arrency	Acq	ess uisi- ons	Repo Opera Comp Inco exclu Currer Acquis	ating anies ome iding ncy &		Op Cor	eported erating npanies acome	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%



Reconciliation of Reported Operating Companies Income to Adjusted Operating Companies Income, excluding Currency and Acquisitions For the Years Ended December 31,

						20	07											2006				ge in Adjusted ompanies Inc	
Op Co	eported perating mpanies ncome	Impa Exit (	Less Asset airment & Costs and Other	Op Co	djusted perating mpanies ncome		Less urrency	Op Cor In exc	ljusted erating npanies ocome cluding irrency	Ac	ess quisi- ons	Op Co Ir ex Cu	djusted perating mpanies ncome coluding rrency & qualitions		Op Con	ported erating npanies come	Imp Exit	Less Asset airment & Costs and Other	Co	djusted perating mpanies ncome	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%

2007



% Change in Reported Net Revenues excluding Excise Taxes

Adjustments for Impact of Currency and Acquisitions

#### For the Years Ended December 31,

	orted Net evenues	Less Excise Taxes	Re ex	eported Net evenues ccluding Excise Taxes		ess	Revo excl Ex Tax	Net venues luding xcise xes & rrency	Less Acquisi- tions	Re ex Exci Cui	orted Net evenues cluding se Taxes, rrency & juisitions		Reported Net Revenues		Less Excise Taxes	Re ex	orted Net evenues cluding ise 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%
			\$	22,810	\$	1,197	\$ :	21 613	\$ 155	\$	21,458	PMI Total	\$ 48,302	\$	27,533	\$	20,769	9.8%	4.1%	3.3%
\$	55,243	\$ 32,433	· ·					21,010	<u> </u>		21,400	- I MI FOLD	Ψ 10,002	Ţ	21,000	Ť	20,100		ge in Reported	d Operating
\$	55,243	\$ 32,433			200			21,010	* 12	· •	21,430	T MIT TOKAL	ψ .το,σσ2	•	2006	•	20,100	% Chan		
Op Cor	eported perating mpanies acome	\$ 32,433					Rep Ope Com Inc excl	ported erating ipanies come luding rrency	Less Acquisi- tions	Re Op Coi Ir ex Cui	eported operating mpanies ncome cluding rrency & guisitions	T IMT TOTAL	¥ 10,002			Re Op Co	eported perating mpanies ncome	% Chan	ge in Reported	
Op Cor	eported erating mpanies	\$ 32,433				07 ess	Rep Ope Com Inc excl	ported erating apanies come luding	Less Acquisi- tions	Re Op Coi Ir ex Cui	eported perating mpanies ncome cluding rrency &	European Union				Re Op Co	eported berating mpanies	% Chan	ge in Reported companies Inc Reported excluding	Reported excluding Currency &
Op Cor Ir	eported erating mpanies acome	\$ 32,433			L Cur	ess rency	Rep Ope Com Inc excl Cur	ported erating ipanies come luding rrency	Less Acquisi- tions	Re Op Coi Ir ex Cui Acq	eported perating mpanies ncome cluding rency & unisitions					Re Op Coi	eported erating mpanies ncome	% Chan	ge in Reporter companies Inc Reported excluding Currency	Reported excluding Currency & Acquisitions
Op Cor Ir	eported perating mpanies acome	\$ 32,433			L Cur	ess rrency	Rep Ope Com Inc excl Cur	ported erating ipanies come luding rrency	Less Acquisi- tions	Re Op Coi Ir ex Cui	eported perating mpanies ncome cluding rrency & uisitions	European Union				Re Op Coi	eported berating mpanies ncome	% Change C	ge in Reported Reported excluding Currency 7.7% 12.2%	Reported excluding Currency & Acquisitions
Op Cor Ir	eported perating mpanies acome 4,195 2,431	\$ 32,433			L Cur	ess rrency 424 98	Rep Ope Com Inc excl Cur	ported erating panies come luding rrency	Less Acquisi- tions	Re Op Cool Ir ex Cui Acq	eported perating mpanies ncome cluding rency & uisitions	European Union EEMA	¥ 10,502	•		Re Op Coi	eported berating mpanies ncome 3,500 2,080	% Chang C Reported 19.9% 16.9%	ge in Reported Companies Inc Reported excluding Currency 7.7% 12.2%	Reported excluding Currency & Acquisitions



% Change in Reported Net Revenues

Adjustments for Impact of Currency and Acquisitions

#### For the Years Ended December 31,

				20	06						(Orladaliou)			2005			exc	luding Excise	
	Less Excise Taxes	Re ex	Net evenues cluding Excise			Re ex E	Net evenues cluding Excise axes &	Less Acquisi- tions	Exc Cu	evenues xcluding cise Taxes, urrency &		Reported Net Revenues		Less Excise Taxes	Re ex	evenues cluding	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%
																	% Chang	ne in Penorte	Operating
				20	06									2005				ge in Reported ompanies Inc	
eported perating mpanies ncome				ı	ess rrency	Op Cor Ir ex	eported perating mpanies ncome cluding urrency	Less Acquisi- tions	O Co I ex Cu	Reported operating ompanies Income xcluding urrency & quisitions				2005	Op Co	eported perating mpanies ncome			
perating mpanies ncome				ı	.ess	Op Cor Ir ex	perating mpanies ncome cluding urrency	Acquisi- tions	O Co I ex Cu Aco	perating ompanies Income xcluding urrency & quisitions	European Union			2005	Op Co	perating mpanies ncome	Reported	ompanies Inc Reported excluding Currency	Reported excluding Currency & Acquisitions
perating mpanies				L	.ess rrency	Op Cor Ir ex Cu	perating mpanies ncome cluding	Acquisi- tions	Cu Acc	perating ompanies Income xcluding urrency & quisitions	European Union EEMA			2005	Op Co lı	perating mpanies	<u> </u>	ompanies Inc Reported excluding	Reported excluding Currency &
mpanies ncome				L	ess rrency	Op Cor Ir ex Cu	mpanies mcome cluding urrency	Acquisitions	O Co I ex Cu Aco	perating ompanies Income xcluding urrency & quisitions				2005	Op Co lı	mpanies ncome	Reported (10.0)%	Reported excluding Currency	Reported excluding Currency & Acquisitions
mpanies ncome 3,500 2,080				L	ess rrency 2 10	Op Cor Ir ex Cu	poerating mpanies ncome cluding urrency 3,498 2,070	Acquisitions  \$ -	O Co I ex Cu Aco	perating ompanies Income xcluding arrency & quisitions 3,498 2,070	EEMA			2005	Op Co lı	operating mpanies ncome 3,890 1,664	Reported (10.0)% 25.0%	Reported excluding Currency (10.1)% 24.4%	Reported excluding Currency & Acquisitions (10.1)% 24.4%
	10,012 10,139 4,406	23,745 \$ 15,869 10,012 4,387 10,139 4,634 4,406 2,643	Less exercise Taxes  23,745 \$ 15,869 \$ 10,012 4,387	Less Excise Taxes  23,745 \$ 15,869 \$ 7,876 10,012 4,387 5,625 10,139 4,634 5,505 4,406 2,643 1,763	Reported   Net   Revenues   excluding   Excise   Taxes   Taxes   Cu	Net Revenues excluding   Excise Taxes   Taxes   Currency	Reported Net Revenues excluding Excise Excise Excise Taxes Taxes Currency Co. 23,745 \$ 15,869 \$ 7,876 \$ (152) \$ 10,012 4,387 5,625 (23) 10,139 4,634 5,505 (179) 4,406 2,643 1,763 14	Reported Net   Revenues   Excise   Taxes   Reported   Revenues   excluding   Excise   Taxes   Currency   Cur	Reported Net   Revenues   Excise   Excise   Taxes   Reported   Revenues   excluding   Excise   Taxes   Currency   Curre	Reported   Net   Revenues   Rev	Reported Net   Revenues   Reven	Reported Net   Revenues   Excise   Excise   Taxes   Excise   Taxes   Excise   Taxes   Excise   Taxes   Excise   Taxes   Excise   Excise	Reported Net   Revenues   Excise   Excise   Taxes   Evenues   Evenues   Evenues   Excise   Taxes   Evenues   Evenues   Evenues   Evenues   Excise   Excise   Excise   Excise   Evenues   Evenues	Reported Net Revenues excluding   Excise Pavenues   Excise Taxes   Excise Pavenues   Excise Pavenues	Reported Net   Revenues   Reven	Reported Net   Revenues   Reven	Reported Net   Revenues   Reven	Reported Net   Revenues   Reven	Reported Net   Revenues   Excise   Excise   Excise   Taxes   Currency   Currency   Excise   Taxes   Currency   Currency   Excise   Excis



% Change in Reported Net Revenues

Adjustments for Impact of Currency and Acquisitions

#### For the Years Ended December 31,

				:	2005								2004			ехс	luding Excise	Taxes
	ported Net evenues	Less Excise Taxes	Report Net Revenu excludi Excis Taxes	es ng	Less Surrenc		Reported Net Revenues excluding Excise Taxes & Currency	Less Acquisi- tions	Re ex Exci Cu	orted Net evenues cluding se Taxes, rrency & uisitions		Reported Net Revenues	Less Excise Taxes	Re ex	orted Net evenues cluding ise Taxes	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions
\$	23,813	\$ 15,364	\$ 8,	49 \$	38	5 \$	8,094	\$ 10	\$	8,084	European Union	\$ 22,265	\$ 14,236	\$	8,029	5.2%	0.8%	0.7%
	8,951	3,867	5,	84	8	1	5,003			5,003	EEMA	7,510	2,953		4,557	11.6%	9.8%	9.8%
	8,609	3,668	4,	941	ę	0	4,851	666		4,185	Asia	6,586	2,860		3,726	32.6%	30.2%	12.3%
	3,943	2,400	1,	43	4	5	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,	17 \$	57	1 \$	19,446	\$ 749	\$	18,697	PMI Total	\$ 39,637	\$ 22,032	\$	17,605	13.7%	10.5%	6.2%
				:	2005								2004				ge in Reported Companies Inc	
O <sub>l</sub> Co	eported perating mpanies ncome			<u> </u>	Less	Ċ	Reported Operating Companies Income excluding Currency	Less Acquisi- tions	Op Co lı ex Cu	eported perating mpanies ncome cluding rrency & uisitions				Op Co	eported perating mpanies ncome	Reported	Reported excluding Currency	Reported excluding Currency & Acquisitions
O <sub>l</sub> Co	perating mpanies			<u> </u>	urren	ey_	Operating Companies Income excluding Currency	Acquisi-	Op Co lı ex Cu	perating mpanies ncome cluding rrency &	European Union			Op Co	erating mpanies	Reported	excluding Currency	excluding Currency &
O <sub>I</sub> Co I	perating mpanies ncome				urreno 19	ey_	Operating Companies Income excluding Currency	Acquisi- tions	Op Co II ex Cu Acq	perating mpanies ncome cluding rrency & uisitions	European Union EEMA			Op Col II	perating mpanies ncome	· ·	excluding Currency	excluding Currency & Acquisitions
O <sub>I</sub> Co I	perating ompanies ncome				urrend 19	4 \$	Operating Companies Income excluding Currency	Acquisitions 1	Op Co II ex Cu Acq	oerating mpanies ncome cluding rrency & juisitions				Op Col II	perating mpanies ncome	16.1%	excluding Currency	excluding Currency & Acquisitions
O <sub>I</sub> Co I	perating permanies ncome 3,890 1,664				Surrend 19	4 \$	Operating Companies Income excluding Currency 3,696 1,634	Acquisitions  \$ 1	Op Co II ex Cu Acq	perating mpanies ncome cluding rrency & uisitions 3,695 1,634	EEMA			Op Col II	operating mpanies ncome 3,350 1,554	16.1% 7.1%	excluding Currency 10.3% 5.1%	excluding Currency & Acquisitions 10.3% 5.1%



Calculation of Total Debt to EBITDA and Net Debt to EBITDA Ratios (\$ in millions, except ratios)

(Unaudited)

				rch 31, 2010				Year Ended ember 31, 2009
	April ~	December	Janua	ry ~ March		months		
		2009		2010		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
					Ma	arch 31,	Dec	ember 31,
						2010		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
Ratios								
Total Debt to EBITDA						1.41		1.42
Net Debt to EBITDA						1.34		1.27

**Net Debt to EBITDA** 



Calculation of Total Debt to EBITDA and Net Debt to EBITDA Ratios (\$ in millions, except ratios)

(Unaudited)

April ~ December

2007

March	31,
2008	2

January ~ March

2008

12 months

rolling

0.61

					-	
Earnings before income taxes	\$	7,033	\$	2,449	\$	9,482
Interest expense, net	Ψ	7,000	Ψ	75	Ψ	75
		- 505				
Depreciation and amortization	_	585		201		786
EBITDA	\$	7,618	\$	2,725	\$	10,343
						arch 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
Ratios						
Total Debt to EBITDA						0.73



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)

(\$ in millions, except volume in billions) (Unaudited)

	2003	2007	2009
Reported Operating Income	\$ 6,195	\$ 8,894	\$ 10,040
Add back:			
Amortization of Intangibles & Corporate Expenses	91	49_	231
Reported Operating Companies Income	\$ 6,286	\$ 8,943	\$ 10,271
Add back:			
Asset Impairment & Exit Costs and Other	(45)	195	164
Adjusted Operating Companies Income	\$ 6,241	\$ 9,138	\$ 10,435
Cigarette Shipment Volume	735.8	848.6	864.0





**Investor Day Lausanne, June 23, 2010**