

# 2010 Business Highlights

In the following section, you will find a summary of our 2010 performance in our four business segments: the European Union Region (EU), the Eastern Europe, Middle East & Africa Region (EEMA), the Asia Region and the Latin America & Canada Region. For a more detailed analysis, please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations later in this Report.

## European Union

### Net Revenues\*(\$ Millions)

2009	9,041
2010	8,983

### Operating Companies Income\*\*(\$ Millions)

2009	4,506
2010	4,502

\*Excluding excise taxes and currency. \*\*Excluding currency.



- PMI's cigarette shipment volume in the EU Region declined by 5.2% to 223.0 billion units, mainly reflecting a lower total market, driven by the impact of tax-driven pricing and/or adverse economic conditions, particularly in Greece, Poland and Spain.
- Net revenues, excluding excise taxes, decreased by 2.5% to \$8.8 billion.
- Excluding the unfavorable impact of currency of \$172 million and acquisitions, net revenues, excluding excise taxes, decreased by 0.7%, primarily reflecting higher pricing of \$391 million more than offset by unfavorable volume/mix of \$452 million.
- Reported operating companies income declined by 4.3% to \$4.3 billion.
- Excluding the unfavorable impact of currency of \$191 million and acquisitions, reported operating companies income was essentially flat, primarily reflecting higher pricing, which offset unfavorable volume/mix.
- Excluding the impact of currency and acquisitions, adjusted operating companies income margin was up 0.2 percentage points to 50.4%.
- PMI's market share was stable or improved in a number of markets, notably Belgium, Denmark, Estonia, Hungary, Latvia, the Netherlands, Norway, Poland, Sweden and Switzerland.

## Eastern Europe, Middle East & Africa

### Net Revenues\*(\$ Millions)

2009	6,795
2010	7,333

### Operating Companies Income\*\*(\$ Millions)

2009	2,663
2010	3,045

\*Excluding excise taxes and currency. \*\*Excluding currency.

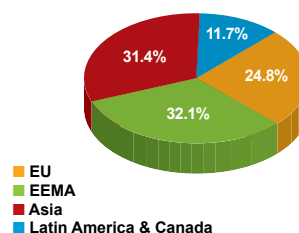


- PMI's cigarette shipment volume in the EEMA Region declined by 3.2% to 289.3 billion units, principally due to tax-driven price increases, particularly in Romania, Turkey and Ukraine.
- Net revenues, excluding excise taxes, increased by 9.0% to \$7.4 billion.
- Excluding the favorable impact of currency of \$76 million and acquisitions, net revenues, excluding excise taxes, increased by 6.7%, primarily reflecting higher pricing of \$605 million, partially offset by unfavorable volume/mix of \$147 million.
- Reported operating companies income grew by 18.4% to \$3.2 billion.
- Excluding the favorable impact of currency of \$107 million and acquisitions, reported operating companies income increased by 13.3%, primarily reflecting higher pricing, partially offset by unfavorable volume/mix.
- Excluding the impact of currency and acquisitions, adjusted operating companies income margin was up 2.4 percentage points to 41.6%.
- PMI's market share was stable or improved in a number of markets, notably Algeria, Bulgaria, Croatia, Egypt, Georgia, Moldova, Morocco, Russia, South Africa and Tunisia.



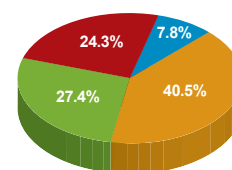
## 2010 Cigarette Shipment Volume by Region

899.9 Billion Units



## 2010 Reported Operating Companies Income by Region, Excluding Currency

\$11.1 Billion



## Asia

### Net Revenues\*(\$ Millions)

2009	6,528
2010	7,324

### Operating Companies Income\*\*(\$ Millions)

2009	2,436
2010	2,707

\*Excluding excise taxes and currency. \*\*Excluding currency.



Philippines

- PMI's cigarette shipment volume in the Asia Region increased by 24.8% to 282.3 billion units, principally due to 57.4 billion units from the new business combination in the Philippines, and growth in Indonesia and Korea. Excluding the favorable impact of the Philippines transaction, cigarette shipment volume decreased by 0.6%, mainly reflecting tax-driven price increases in Japan.
- Net revenues, excluding excise taxes, increased by 21.6% to \$7.9 billion.
- Excluding the favorable impact of currency of \$611 million and the business combination in the Philippines, net revenues, excluding excise taxes, increased by 3.8%, primarily reflecting higher pricing of \$491 million, partially offset by unfavorable volume/mix of \$243 million.
- Reported operating companies income grew by 25.2% to \$3.0 billion.
- Excluding the favorable impact of currency of \$342 million and acquisitions, reported operating companies income increased by 7.7%, primarily reflecting higher pricing, partially offset by unfavorable volume/mix.
- Excluding the impact of currency and acquisitions, adjusted operating companies income margin was up 1.4 percentage points to 38.7%.
- PMI's market share was stable or improved in a number of markets, notably Hong Kong, Indonesia, Japan, Korea, Malaysia, Pakistan, the Philippines, Singapore, Taiwan, Thailand and Vietnam.

## Latin America & Canada

### Net Revenues\*(\$ Millions)

2009	2,671
2010	2,874

### Operating Companies Income\*\*(\$ Millions)

2009	666
2010	868

\*Excluding excise taxes and currency. \*\*Excluding currency.



Argentina

- PMI's cigarette shipment volume in the Latin America & Canada Region increased by 1.5% to 105.3 billion units, driven mainly by Canada and Mexico.
- Net revenues, excluding excise taxes, increased by 14.3% to \$3.1 billion.
- Excluding the favorable impact of currency of \$179 million, net revenues, excluding excise taxes, increased by 7.6%, primarily reflecting higher pricing of \$175 million and favorable volume/mix of \$28 million.
- Reported operating companies income grew by 43.1% to \$953 million.
- Excluding the favorable impact of currency of \$85 million and acquisitions, reported operating companies income increased by 30.8%, primarily reflecting higher pricing.
- Excluding the impact of currency and acquisitions, adjusted operating companies income margin was up 0.3 percentage points to 30.3%.
- PMI's market share was stable or improved in a number of markets, notably Argentina, Bolivia, Brazil, Chile, Ecuador, Mexico and Uruguay.