2011 Business Highlights

In the following section, you will find a summary of our 2011 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

Reported Net Revenues*($ Millions)

2010	8,811
2011	9,212

Reported Operating Companies Income ($ Millions)

2010	4,311
2011	4,560

*Excluding excise taxes

- PMI's cigarette shipment volume in the EU Region declined by 5.1%, predominantly due to lower total markets and share, mainly in Italy, Portugal and Spain, and a lower total market in Greece.
- Reported net revenues, excluding excise taxes, increased by 4.6% to $9.2 billion.
- Excluding the favorable impact of currency of $440 million, reported net revenues, excluding excise taxes, decreased by 0.4%, largely due to unfavorable volume/mix of $337 million, partly offset by favorable pricing of $298 million.
- Reported operating companies income increased by 5.8% to $4.6 billion.
- Excluding the favorable impact of currency of $277 million, operating companies income was down by 0.6%, reflecting unfavorable volume/mix and higher costs, partly offset by higher pricing.
- Excluding the impact of currency and acquisitions, adjusted operating companies income margin was up 0.2 percentage points to 49.4%.
- PMI's market share was stable, or registered growth, in a number of markets, notably Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, the Netherlands, Norway and Sweden.

Eastern Europe, Middle East & Africa

Reported Net Revenues*($ Millions)

2010	7,409
2011	7,881

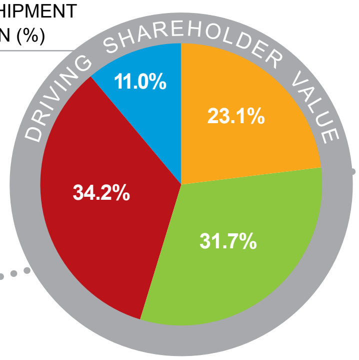
Reported Operating Companies Income ($ Millions)

2010	3,152
2011	3,229

*Excluding excise taxes

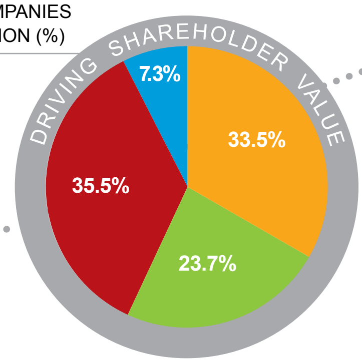
- PMI's cigarette shipment volume in the EEMA Region increased by 0.3%, predominantly due to: the Middle East, primarily Saudi Arabia, mainly reflecting a higher total market; North Africa, primarily Algeria, driven by a higher total market and share growth; and Turkey, reflecting share growth.
- Reported net revenues, excluding excise taxes, increased by 6.4% to $7.9 billion.
- Excluding the favorable impact of currency of $49 million and acquisitions, reported net revenues, excluding excise taxes, increased by 5.4%, primarily due to favorable pricing of $271 million and favorable volume/mix of $127 million.
- Reported operating companies income increased by 2.4% to $3.2 billion.
- Excluding the unfavorable impact of currency of $97 million and acquisitions, operating companies income increased by 5.9%, driven by higher pricing, and favorable volume/mix, partly offset by higher costs.
- Excluding the impact of currency and acquisitions, adjusted operating companies income margin was up by 0.4 percentage points to 42.9%.
- PMI's market share was stable, or registered growth, in a number of markets, notably Algeria, Croatia, Israel, Lebanon, Morocco, Russia, South Africa and Turkey.

2011 CIGARETTE SHIPMENT VOLUME BY REGION (%)



- EU
- EEMA
- ASIA
- LATIN AMERICA & CANADA

2011 REPORTED OPERATING COMPANIES INCOME BY REGION (%)



Asia

Reported Net Revenues*($ Millions)

2010	7,935
2011	10,705

Reported Operating Companies Income ($ Millions)

2010	3,049
2011	4,836

*Excluding excise taxes

- PMI's cigarette shipment volume in Asia increased by 11.0%, predominantly due to growth in Indonesia, Japan, Korea and the Philippines.
- Reported net revenues, excluding excise taxes, increased by 34.9% to $10.7 billion.
- Excluding the favorable impact of currency of $690 million and acquisitions, reported net revenues, excluding excise taxes, increased by 24.8%, primarily due to favorable pricing of $991 million, and favorable volume/mix of $977 million.
- Reported operating companies income increased by 58.6% to $4.8 billion.
- Excluding the favorable impact of currency of $400 million and acquisitions, operating companies income increased by 44.6%, driven by higher pricing, and favorable volume/mix, partly offset by higher costs.
- Excluding the impact of currency and acquisitions, adjusted operating companies income margin was up by 6.0 percentage points to 44.7%.
- PMI's market share was stable, or registered growth, in a number of markets, notably Australia, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore, Taiwan, Thailand and Vietnam.

Latin America & Canada

Reported Net Revenues*($ Millions)

2010	3,053
2011	3,299

Reported Operating Companies Income ($ Millions)

2010	953
2011	988

*Excluding excise taxes

- PMI's cigarette shipment volume in Latin America & Canada decreased by 4.8%, predominantly due to a decline in Mexico following the significant January 1, 2011, excise tax increase.
- Reported net revenues, excluding excise taxes, increased by 8.1% to $3.3 billion.
- Excluding the favorable impact of currency of $70 million, reported net revenues, excluding excise taxes, increased by 5.8%, primarily due to favorable pricing of $334 million, partly offset by unfavorable volume/mix of $158 million.
- Reported operating companies income increased by 3.7% to $988 million.
- Excluding the unfavorable impact of currency of $2 million, operating companies income increased by 3.9%, driven by higher pricing, partly offset by unfavorable volume/mix and higher costs.
- Excluding the impact of currency, adjusted operating companies income margin was up by 0.2 percentage points to 31.4%.
- PMI's market share was stable, or registered growth, in a number of markets, notably Argentina, Canada, Colombia, the Dominican Republic and Mexico.